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Shultz Calls Cuban Releases Propaganda

Secretary Sticks to Tough Line on Castro, Support for Nicaraguan Rebels

By Bernard Gwertzman
New York Times Service
WASHINGTON — Secretary of State George Shultz said today that President Ronald Reagan decided to release 26 Cuban political prisoners from the United States because this first step would show that the United States was not a "prisoner" of Castro.

He also said Thursday that the Cuban release was not given any significance to moderate what he called the "subversive" policies of the American government.

Mr. Shultz said that the two sides had agreed on another round of talks, and he described the discussions so far as "serious."

On Wednesday, Mr. Castro agreed to free the 22 Americans, none of whom, the State Department said, was a political prisoner. Some of the 22, the department said, were wanted on criminal charges in the United States and would be detained when they arrived.



The Rev. Jesse L. Jackson, who usually is a nonsmoker, left, and President Fidel Castro, after lighting each other's cigar at Havana's José Martí Airport. Mr. Jackson later escorted 22 American and 26 Cuban prisoners freed by Mr. Castro to Washington. Page 3.

Governor Of Punjab Resigns in New Delhi 'Shake-Up'

By William Claiborne

NEW DELHI — The governor of the state of Punjab and the state's inspector-general of police resigned abruptly Friday in what the government of Prime Minister Indira Gandhi said was the beginning of a "complete shake-up" of the state administration.

British Lords Defeat Tory Bill to Cancel Local Voting

Reusers
LONDON — The House of Lords has delivered Prime Minister Margaret Thatcher one of the severest blows of her second term by defeating her plans to abolish big city councils controlled by the opposition Labour Party.



60 Troops Killed in El Salvador
A wounded Salvadoran soldier is carried by troops after fighting at the Cerro Grande dam north of San Salvador. About 60 troops were killed and at least 50 wounded. The government said 60 guerrillas also were killed or wounded.

Argentina Reaches Accord on Interest Payment

United Press International
BUENOS AIRES — Economy Minister Bernardo Grinspum announced Friday an accord with American banks that will allow Argentina to pay about \$350 million in interest due by Saturday.

The amount due by June 30 was calculated at \$450 million. If Argentina had failed to pay that amount, American banks would have been forced to declare the Argentine loans nonperforming, which would have hurt bank second-quarter earnings and Argentina's financial credibility.

Although the interest payments are distributed to lenders worldwide, U.S. banks are the only ones affected by the June 30 deadline.

Argentina needs to refinance about \$20 billion of its \$43.6 billion in foreign debt this year with rollovers and new credits.

Israelis Divert Lebanese Ferryboat; Fear of New Guerrilla Wave Is Cited

New York Times Service
BEIRUT — The Israeli Navy intercepted a ferryboat operating between Cyprus and Lebanon on Friday and forced it into the Israeli port of Haifa, while authorities checked the passengers' identities.

The Lebanese owners of the boat, the Alisar Blanco, said it had been intercepted by Israeli gunboats while on a regularly scheduled trip and ordered to head for Haifa.

Before Israeli forces invaded Lebanon two years ago to drive out Palestinian guerrillas, the Israeli Navy regularly intercepted ships going to and from southern Lebanon ports and searched them for guerrillas.

The interception of the boat followed Israeli claims that Palestinian guerrillas were making their way back to West Beirut. The claims have been denied by the Lebanese authorities and Muslim militia leaders who control that section of the Lebanese capital.

Iran Is Using Anti-Missile Decoys in Gulf

By Fred Hiatt
Washington Post Service
WASHINGTON — Iran has been using decoys designed to show brightly on radar screens and deflect Iraqi Exocet missiles from oil tankers loading in Iran, U.S. officials say.

CIA Produces Guide to Sabotage in Nicaragua

By Robert Barry
The Associated Press
WASHINGTON — The Central Intelligence Agency has produced a book-style manual that encourages Nicaraguans to report late for work, pour sand into engines, burn firebombs and use other forms of sabotage, intelligence sources say.

The booklet, with a title translated as "Freedom Fighter's Manual," written in Spanish and relies heavily on cartoon illustrations to show 38 ways to sabotage or otherwise undermine Nicaragua's last Sandinist government.

The manual describes itself as a "practical guide to liberate Nicaragua from oppression and misery by paralyzing the military-industrial complex of the traitorous Marxist state without having to use special tools and with minimal risk to the combatant."

Some of the targets depicted in the manual are clearly tied to the Sandinist government, such as police stations, army bases and farm cooperatives. But other actions appeared aimed at more general economic targets, such as factories, telephone lines, utilities and hotels.

While repeatedly denying the CIA is trying to overthrow the Sandinists, Reagan administration officials have said that covert U.S. aid to anti-Sandinist guerrillas is intended to block weapons shipments from Nicaragua to leftist Salvadoran rebels, and to pressure the Sandinists to moderate internal policies and cut their ties to Cuba and the Soviet Union.

But the manual's introduction, in effect, calls on Nicaraguans to join in a popular uprising against the Sandinists.

It exhorts them to sabotage the "essential economic infrastructure that any government needs to function, which can easily be disabled and even paralyzed without the use of armaments or costly and advanced equipment, with the small investment of resources and time."

Sierra Leone: A Case of Apathy, More Than Anger

By Clifford D. May
New York Times Service
FREETOWN, Sierra Leone — A European diplomat who has served in this West African country for nearly two years was asked recently what had changed in that time.

He pointed out his office window past streets lined with faded clapboard houses and dingy shops to a construction crane looming over the rusted skeleton of a building.

"You see that crane?" he said. "In the past 18 months the only time that crane has moved has been when it was swinging in the wind. That's what has happened to Sierra Leone. It's just swinging in the wind."

Among the nations of West Africa, Sierra Leone does not have the most cause for lament: Guinea under President Ahmed Sekou Touré, who died on March 26, was far more repressive. Nigeria has known greater corruption and strife. Ghana's economy is more debilitated.

But despite impressive resources and a measure of political stability, Sierra Leone can no longer accurately be described as a developing country. For now, it is a deteriorating one, and the situation appears to have inspired more apathy than anger.

President Siaka Stevens was asked if he was disturbed by the economic decline. "I am disturbed," he replied. "But that is the way the world is built."

Like neighboring Liberia, Sierra Leone was founded as a haven for freed slaves.

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 - Spain's Socialist government continues to wobble with a re-election campaign. A special report.



REUNION — Former Vice President Walter F. Mondale displays a check for \$1,000 from former President Jimmy Carter during a reception in Atlanta. Mr. Mondale was starting a fund-raising trip through the South for his Democratic presidential campaign.

ulf Adversaries Share Grief, High Costs and Glory of Sacrifice

In Tehran, Grumbles and Determination

By Trevor Wood

TEHRAN — Although the battlefield is far away, life in Tehran is dominated by Iran's war with Iraq.

The conflict has affected everyone, either through the loss of a husband or son at the front or through soaring prices and acute shortages of basic necessities.

But while women line up for hours for a piece of meat or butter, men and boys are still eager to sign up as volunteers to fight the "infidels" across the border.

Grief and hardship has led to grumbling over the time it is taking to end the war, but it has not had any visible effect on Iran's determination to see it through to a finish.

Most of the grumbling focuses on high prices. Gasoline prices have risen threefold since the war began, to 30 rials (26 cents) a liter (\$1.18 a gallon).

Rice is as much as 270 rials a kilogram (\$1.36 a pound) and is rationed to 1.5 kilograms per person a month.

The government aims to provide a minimum of basic necessities at controlled prices, but even so supplies are not always adequate.

Many people suspect priority is given to poorer areas populated by devout Moslems who provide Iran's revolutionary leader,

Ayatollah Ruhollah Khomeini, with his strongest support.

In more affluent areas, where there is too much money chasing too few goods, the government allows a "free market" to operate. Rationed meat, for example, costs up to 400 rials a kilogram, with people allowed 50 grams a day.

Much of this can be blamed on the war, which represents a third of government spending and has cut industrial and agricultural output in border provinces.

Money has to be found to cater for the two million Iranians uprooted from border towns and made homeless by Iraqi shelling.

Families of war "martyrs" receive a grant of 2 million rials while the 100,000 or so people crippled for life — "living martyrs" — are given priority in acquiring scarce goods, government jobs and university places.

The authorities take pride in the fact they can mobilize many thousands of volunteers for the front in a matter of days.

For those at home, there is little to leave a daily diet of war news and Islamic teaching. The rich flock to the few remaining restaurants where the food is palatable. The poor sit in the parks.

Iraq Has Resumed Shelling, Iran Says

Reuters

TEHRAN — Iran said two civilians were killed and three wounded Friday to Iraqi shelling of its southern oil city of Ahadon, and President Ali Khamenei said Iran might soon retaliate for Iraqi attacks on population centers.

The Iranian news agency said the shelling of Ahadon broke a June 12 agreement between Iran and Iraq to halt bombardment of civilian targets and was the second such attack in two days.

Mr. Khamenei was quoted as saying that Iraq had resumed attacks on civilian targets, including the border city of Sardasht. Iran and Iraq agreed two weeks ago to halt attacks on population centers.

Iran said Thursday that it would allow United Nations observers to be stationed in Tehran to monitor the June 12 agreement.

Iraq has agreed to accept a UN team, but Iran initially said they should be stationed in another country within the region.

In Baghdad, Incentive for Faint-Hearted

By Michael Sheridan

BAGHDAD — The Martyrs' Monument, a deep blue tulip-shaped monolith, dominates the Baghdad skyline as dramatically as the war dead it hallows cast a shadow over Iraqi life.

It must be one of few such memorials in the world from which the general public is barred by armed guards.

The monument records, in letters of gold beaten from jewelry donated by the bereaved, words of President Saddam Hussein about the glory of sacrifice.

It is a theme that runs through this nation of about 14 million people that has been locked in conflict for 45 months with Iran, a nation of about 42 million.

Reminders of the dead are ever present through state legacies to victims' families — cars, land, money and educational privileges.

Iraqi war communiques never mention the casualties, and there are no reliable estimates. But the state-controlled media stress their ultimate sacrifice as an incentive for the faint-hearted and the grumblers away from the front.

The war has brought the man in the street much to complain about, from skyrocketing inflation to draconian travel

curbs, the heavy hand of the security apparatus on every aspect of life and the possibility of being sent to the front.

Such complaints do not surface in the media, which present a picture of contentment and heroism.

Iraq has about 1.65 million men under arms, a big drain on this Arab nation that has brought women out from behind the veil and into offices and factories.

Schoolchildren are told of the honor of dying for the homeland, and as soon as youths turn 18 they have the chance to do so.

The regular army is estimated at about one million men. A paramilitary Popular Army makes up the remaining 650,000, with about 100,000 men believed to be at the front at any one time.

Officially, the Iraqi dinar is worth \$3.20. On the black market and abroad, however, it is worth \$1.

High-grade rice from abroad costs 250 rils (80 cents) a kilogram (35 cents a pound), while the price of a loaf of bread has remained at 10 rils for several decades. Gasoline is 70 rils a liter (\$1 a gallon).

More than the financial cost of the stalemate war, Iraq is feeling the loss of its youth, martyrs to a conflict in which neither side has advanced more than a few kilometers in nearly four years of fighting.

Soviet Asks Talks on Space Weapons

Negotiations Can Begin in Vienna in Fall, Kremlin Says

By Dusko Doder

WASHINGTON Post Service

MOSCOW — The Soviet government announced Friday night that it had formally offered to start talks with the United States toward "blocking" development and deployment of all space weapons.

A statement distributed by the official press agency Tass said the offer had been conveyed to the Reagan administration. It specifically suggested that negotiations could begin in September in Vienna.

"The question of the complete mutual renunciation of anti-satellite systems should be resolved within the framework of those talks," the statement said.

[In Washington, Brian Carlson, a U.S. State Department spokesman, said that U.S. officials had only seen news reports of the Soviet offer and would have no immediate comment. The Associated Press reported.]

Earlier this month, President Konstantin U. Chernenko called on the Reagan administration to negotiate "without delay" a treaty banning the use of anti-satellite weapons.

There has been no formal response to Mr. Chernenko's offer, although U.S. officials in Moscow have said that the offer could not be accepted because of verification problems.

The latest Soviet proposal appeared to go beyond Mr. Chernenko's offer to include all types of space weapons, including space-based anti-missile systems and "any ground-, air- or sea-launched systems intended to hit targets in space," as well as anti-satellite systems.

Soviet officials have repeatedly urged a space weapons ban since

Mr. Reagan's call for a space-based defense system. Recent U.S. visits to Moscow have said that the problem of such weapons appeared to be a key issue in their talks with Soviet officials.

The Soviet government said in its statement that the militarization of space would "dramatically enhance the risk of military catastrophe" and also "subvert" prospects for any arms control agreements.

It said that "urgent measures" were needed to prevent the development and deployment of space weapons. In practical terms, it said, this means banning weapons of any kind, "conventional, nuclear, laser beam or any other," and destroying systems already developed.

In proposing talks, the Soviet statement said:

"These talks could be initiated in Vienna, Austria, in September this year, given the consent of the Austrian government. The specific date for the opening of the talks could be agreed upon through diplomatic channels."

"To provide favorable conditions for the achievement of agreement and to take practical measures already... to prevent the race to space weapons, the Soviet Union also offers to impose, on a reciprocal basis, a moratorium on the test and deployment of these weapons starting with the date of the opening of the talks."

It said Moscow expected "an

early and positive response" from Washington.

■ **Kremlin Dismisses Appeal**
Seth Meydans of The New York Times reported from Moscow.

The Soviet press has denied Mr. Reagan's call for improved economic, cultural, scientific and consular ties as a campaign gimmick. It said he was trying to shift responsibility for a serious deterioration in relations between Moscow and Washington.

Tass said Thursday that Mr. Reagan's speech Wednesday to specialists in U.S.-Soviet relations was "another election maneuver."

"Emphasis on the problem of exchanges," Tass said, "obviously is meant to create a semblance of some 'progress' toward better relations between the U.S.S.R. and the United States, progress which actually is nonexistent."

Novosti, another press agency, said the speech was "one more attempt to shift responsibility for a marked deterioration in U.S.-Soviet relations and the world situation as a whole."

■ **U.S. Soviet Renew Pact**
The United States and the Soviet Union extended Friday for 10 years their only bilateral accord on commercial relations. Reuters reported from Washington.

The State Department said the 1974 Agreement on Economic, Industrial and Technical Cooperation had been renewed.



Prime Minister Felipe Gonzalez meeting President Francois Mitterrand Friday in Madrid.

Mitterrand Assures Spain on EC Membership

Compiled by Our Staff From Despatches

MADRID — President Francois Mitterrand of France visited Madrid on Friday to assure Prime Minister Felipe Gonzalez that agreements at the recent European Community summit had cleared the path for Spain and Portugal to become EC members on schedule on Jan. 1, 1986.

After four hours of talks to Madrid, President Mitterrand wished Spain a speedy and successful outcome to its bid to join the EC. His

visit followed a trip to Portugal on Wednesday.

During his stay in Spain, Mr. Mitterrand briefed Mr. Gonzalez and Foreign Minister Fernando Morán on the summit, held this past week at Fontainebleau, France.

Mr. Mitterrand emphasized the importance of the progress made at the summit, which resolved a budget dispute with Britain. Mr. Gonzalez said.

Mr. Gonzalez publicly thanked Mr. Mitterrand Friday for his efforts in solving the budget dispute and for his backing for Spain's membership. France is to relinquish the EC presidency on Saturday and hand it over to Ireland.

The French leader's visit, which included a lunch with King Juan Carlos I, was seen by both sides as a gesture of good will to underline a recent improvement in relations between France and Spain.

(WP, Reuters)

South Africa Assailed Over Prison Policy

By Alan Cowell

New York Times Service

JOHANNESBURG — A human rights group says that South African police have installed closed-circuit television cameras in selected jail cells, invading privacy and creating unwarranted psychological pressures on prisoners.

Police say the cameras are designed to prevent suicides. But former detainees who spoke at a news conference said the cameras added significantly to psychological pressures on prisoners being held for questioning without formal charges.

A black student activist, Peter Mokgoba, said the cameras had been installed on the second floor of the John Vorster Square jail in central Johannesburg, where many persons suspected of anti-government activities are held.

The news conference was organized by a group called the Detainees' Parents Support Committee.

Mr. Mokgoba said he was held for 12 days without charge or trial last month.

"When you enter the cell," he said, "you see it [the camera] right in the corner. I was told by the policeman who was watching the people in the cells that they are able to see me even if they are not right inside" the cell. The cameras are on around the clock, he said.

Mr. Mokgoba said that before he knew about the cameras, he felt "free in my cell." But later, he said, "I could not feel relaxed, I could not be happy, I was depressed."

Another former detainee, the Rev. Frank Chikane, said privacy in a cell was important because of the stress created by interrogation.

"By the time you are left to go back to your cell," he said, "you feel it is a time for relaxation, you need to relax from this tension."

"The stay in the cell is a struggle for survival," he said. "You do the most stupid things because you want to survive. You want to run around, talk to yourself, sing. You need to work out what the police are questioning you about and what you know and what you knew before you went into the cells. You can't differentiate between what you knew before you went into interrogation and what the police told you."

David Webster, a spokesman for the committee, said he believed about 50 people were currently being held in South Africa jails without being charged.

U.S. Official Says Greece Freed Accused Terrorist

By Leslie H. Gelb

New York Times Service

WASHINGTON — According to a senior State Department official, the Greek government freed an accused terrorist from jail without trial or notice to Washington.

Despite the fact that physical evidence of his guilt had been turned over to Athens by the Reagan administration, the suspect was said to have planted a bomb in the luggage of an airline passenger in December. It did not explode.

The State Department official said Thursday that in light of intelligence reports that the accused terrorist and his group planned to try again, the Federal Aviation Agency warned inspectors to watch for explosive devices aboard U.S. airlines flying to Athens and the Middle East. The warning also went to El Al, the Israeli airline.

Administration officials have become increasingly critical of the Socialist government of Prime Minister Andreas Papandrou for what they consider his anti-American policies and for what they say is laxity in dealing with international terrorism.

Richard R. Burt, assistant secretary of state for European affairs, told the House Foreign Affairs subcommittee on Europe and the Middle East this week: "It is often very frustrating to deal with a government, an allied government, that defends the Soviet Union and criticizes the United States."

The Greek government, acting through its embassy in Washington, denied Thursday most of the points raised by the U.S. officials. The embassy statement referred to the Reagan administration's behavior as a cover up for U.S. activity on Greek territory that, according to the Greeks, "violated international law and Greek sovereignty."

George Papoulas, the Greek ambassador, said that the evidence against the suspected terrorist "was not enough for the case to be brought to the court and therefore the man had to be released."

As related by two administration officials, the events began in November when a Jordanian paid an unsuspecting acquaintance to fly from Athens to Tel Aviv, pick up some curries and fly to London to see them.

In December the friend's baggage was said to have been lined with an "improvised explosive device," set to go off when the airliner reached a particular altitude. More than 200 passengers were aboard the plane.

Later, through intelligence sources, the administration learned that the man planned other actions and administration experts were

also able to reconstruct his activities.

The officials said their evidence was turned over to the Papandrou government and it was sufficient for the Greeks to detain the Jordanian in mid-April.

A month later, without notice to Washington, the Greek government released him to travel to a country that the U.S. officials said was friendly to terrorists. They declined to identify the country.

The Americans described the Greek explanations for the release of the man as totally unsatisfactory.

The notice issued by the Federal Aviation Agency said the explosive devices were carried by "innocent victims" and were "secreted under the bag lining, thus making them very difficult to detect by hand search or cursory X-ray examination."

The officials said the Jordanian had been identified as a member of a group called 15th of May.

According to the statement by the embassy, the Greek authorities had been watching the suspected terrorist and his accomplice, reported to be an Englishwoman, for some time. One day, according to the statement, Greek agents photographed two men entering the woman's apartment and then emerging with a suitcase.

The Greeks were said to have recognized the men as an American operative of the Central Intelligence Agency and a colleague from British intelligence.

House of Lords Defeats Thatcher Bill To Cancel Elections of Local Councils

(Continued from Page 1)

Mr. Jenkin came under attack from all sides, with Labor calling for his resignation.

The vote was an unusual revolt by the Lords against a Conservative government. The Conservative Party can normally rely on an in-built majority to the upper house, made up of hereditary aristocrats and life peers drawn from various sectors.

But many Conservative lords, alarmed by the constitutional issues raised by abolishing elections, apparently stayed away from the session.

Ken Livingstone, the leftist leader of the Labor-controlled London council, contends that public services would suffer if the council were abolished and would leave London as the only West European capital without a citywide authority. Liverpool and Manchester are among the other cities that stand to lose their councils.

Lord Elwyn-Jones, a former lord

chancellor who moved the amendment that threw out the bill, asked: "If a government of one party can suspend elections for great areas of Britain by an interim provision bill, why cannot a government of any party suspend elections for Great Britain as a whole?"

Mr. Jenkin told the Commons Friday that Mrs. Thatcher, who has had a run of embarrassing political crises since being swept back to a second term last year, was still firmly resolved to abolish the councils and her government was urgently studying a number of options to overcome the crisis provoked by the vote of the Lords.

The options could include the government overruling the Lords, which is essentially a legislative revising chamber.

The government could decide to allow councillors to remain in office until their councils were abolished. Alternatively it could amend the bill to try to make it more acceptable to the Lords.

A government spokesman said a senior Foreign Ministry official complained to the U.S. chargé d'affaires, Alan Berlind, that the visa denial "infringed international practice allowing freedom of movement for journalists." A visa was denied to George Votis, a journalist for Eleftherotypia who has specialized in reporting on terrorism.

Sierra Leone In Decline

(Continued from Page 1)

Sierra Leone owes many tens of millions of dollars to foreign companies, and borrowing money commercially is no longer possible.

Western economists say the decline in diamond exports is due more to the growth of smuggling than to the depletion of reserves. As much as 75 percent of the country's economic activity now takes place outside legal channels.

Economists attribute the rice shortage largely to the low prices paid to producers in Sierra Leone's overvalued currency.

Also, one businessman said, "Rice that is donated by Western countries can be sold at high prices and those who sell it can take their cut."

Lack of foreign exchange has meant that spare parts are now scarce. That has led to frequent power outages and sporadic telephone service. There is no longer a functioning railroad to tie the country together and the roads are in disrepair. A farmer who does manage to bring in a good crop may not be able to get it to market.

New foreign investment is virtually unheard of. "You just don't invest here anymore unless it's on an aid project of some kind financed from outside," said the commercial counselor at one Western embassy.

Diplomats and economists also believe the wealthiest Sierra Leoneans have long been transferring their money to safer currencies in banks on safer continents.

The president, who appears to be more feared than loved, is generally given credit for the fact that all this has not led to upheaval.

However, in January, a student protest over living conditions at the local university quickly spread to the streets. Shops were looted and several people were killed before order was restored.

"It was a minor affair considering conditions here," said a Creole businessman. "If this were Nigeria, we would have had a revolution long ago. But here we just throw our hands in despair."

WORLD BRIEFS

Ustinov, Honecker Discuss Maneuvers

MOSCOW (Combined Dispatches) — Marshal Dmitri F. Ustinov, the Soviet defense minister, met in East Berlin Friday with Erich Honecker, the East German Communist leader, to discuss Soviet military maneuvers being held in Eastern Europe, Tass reported.

The maneuvers began Thursday and, according to NATO intelligence sources, about 60,000 Soviet soldiers and sailors are being deployed in western Czechoslovakia through Poland and East Germany. NA sources have said that it is the largest Soviet military operation in memory.

A NATO official in Brussels, who asked not to be named, said that Western allies were informed of the exercises before they began, but Western observers were not invited as they had been for previous exercises. The 1975 Helsinki Accord provides for such notification and invitation of observers on a voluntary basis. (UPI, AP)

Russian Chess Team Tops The World

LONDON (AP) — The Soviet Union beat a team representing 10 other countries Friday, reasserting its pre-eminence in the world chess championship. The losing team put up a fight in the last round, but the Russians had an unbeatable score of 20½ to 16½ for the West. The Russians won a similar match in Belgrade last year. They have dominated world chess for more than 40 years with the exception of 1927 when Bobby Fischer of the United States won the world championship.

High Court Bars Washington Sleep-ins

WASHINGTON (AP) — The Supreme Court ruled Friday that the government may bar the homeless from sleeping in public places if the House to demonstrate their plight.

The court said that such "sleep-ins" may be a symbol of protest or expression protected by the First Amendment to the Constitution. In a 7-2 vote, it said that the government has a legitimate interest in keeping parks in the heart of the nation's capital attractive and orderly. Groups supporting the estimated two million to three million homeless Americans had said that the sleep-ins were a vital form of demonstrating to the nation that many people are homeless.

The ban is in keeping with previous court rulings that the government may place "reasonable time, place and manner restrictions" on various forms of expression, whether oral or written or symbolized by conduct, said Justice Byron R. White, who wrote the opinion for the court. In a separate, concurring opinion, Chief Justice Warren E. Burger said the case "trivializes" First Amendment free speech rights and suggested it was a "trivial waste of judges' time."

Police Quell Demonstration in Poland

WARSAW (UPI) — Police used clubs and tear gas to break up a demonstration in the city of Poznan by more than 1,000 supporters of the banned Solidarity trade union, witnesses reported Friday.

The demonstration in the city's western Poland took place Thursday, the anniversary of a 1956 workers' revolt in Poznan that was crushed by police and troops. Witnesses said about 100 protesters were taken into custody by police but could give no further details. The protests included a Radio Solidarity message broadcast by a speaker to inmates of a Poznan jail, witnesses said.

A government spokesman in Warsaw confirmed that there had been an attempted demonstration. But he disputed the witnesses' estimate of the size of the crowd and denied many clubs had been used. Earlier Thursday, the government held a ceremony marking the 1956 riots, which are now officially considered a "just test" against violations of social justice.

13 Face Trial in Italian Bank Scandal

MILAN (Reuters) — Eight former directors of the failed Banco Ambrosiano and five other Milan financiers were ordered on Friday to stand trial on charges relating to the bank's collapse in 1982, Milan justice officials said.

The eight former directors included Ugo Presanti, chairman of Italobancaria S.p.A., one of the largest financial holding groups on the Milan stock exchange, and Roberto Rosone, deputy to Ambrosiano's chairman, Roberto Calvi, whose was fired last December to June 1982. Investigating magistrates ordered that most of the 13 should be tried on charges of complicity in hidden purchases by Banco Ambrosiano of its own shares in the spring of 1982. The purchases were designed to boost the bank's shares at a time Mr. Calvi was trying to cover a billion-dollar loss.

Tunisia and Libya Restore Relations

TUNIS (AP) — Colonel Moammar Qaddafi, the Libyan leader, and Prime Minister Mohammed Mzali of Tunisia agreed Friday by telephone to resume normal relations following a release earlier in the day of frontier guards held on both sides, the official Tunisian news agency announced.

Relations had been frozen since three Tunisian guards who apparently strayed across the unmarked border into Libya were arrested May 8. Their arrest coincided with an abortive Libyan rebel attack on an army barracks in Tripoli. The two countries had withdrawn their ambassadors, froze the work of joint commissions and held border traffic.

For the Record

Liechtenstein's male citizens will go to the polls this weekend to decide whether women should be allowed to vote. It will be the third time in 13 years that the 61-square-mile (157-square-kilometer) principality between Austria and Switzerland has voted on women's suffrage. (Reuters)

Archbishop Marcel Lefebvre, 78, again defied the Vatican Friday by ordaining 25 new priests at his traditionalist seminary in the Swiss village of Ecône. (UPI)

Yung Nae Huk, 58, second only to President Chun Doo Hwan of South Korea in the ruling Democratic Justice Party, died Friday he had quit the party and was resigning from the National Assembly as well because of a controversy over major property holdings which a political rival claimed he had amassed illegally. (UPI)

Four mobile U.S. Cruise missile launchers returned to Greenham Common air base Friday after a three-day drive to secret destinations, their longest deployment exercise since their arrival in Britain last November. Police fended off anti-nuclear demonstrators as the launchers rolled through the main gate.

The American Federation of Government Employees launched an effort Friday to set up a new national air traffic controllers union to replace the defunct Professional Air Traffic Controllers Organization, dissolved in 1981 when controllers went on strike and 80 percent of them were dismissed by President Ronald Reagan. (P)

The European Community and 64 Third World countries meeting in Luxembourg remained divided Friday on a new trade and aid pact due to take effect next year, officials said. (P)

A former Chrysler assembly worker, Ronaldbees, 44, who beat a young Chinese-American to death with a baseball two years ago, was convicted in Detroit Thursday of a U.S. civil rights charge. Mr. Bees was acquitted on a civil rights conspiracy charge. He faces a maximum sentence of life in prison. (NYT)

New Delhi Starts 'Complete Take-Up' Of the State Administration in Punjab

(Continued from Page 1)

Kashmir. Official sources in Punjab said more forced retirements were likely as the screening process continued.

As normalcy returned to most parts of Punjab, about 5,000 pilgrims visited the damaged temple complex despite heavy rains. Other Sikh temples throughout the state that had been closed while the army searched for Sikh guerrillas were reported crowded with visitors.

■ **Meeting to Go Ahead**
Sikh political leaders pledged to go ahead with a major meeting Friday to spite of the arrest of its organizers, United Press International reported from New Delhi.

Authorities employed sweeping powers under the National Security Act to take into custody Ujjar Singh Shekhar, acting president of the Sikh political group Akali Dal, and Atma Singh, acting leader of the management committee for Sikh shrines.



UNDERWATER TRICYCLE RACES — An underwater awareness program of the Science Museum in Palm Beach County, Florida, includes this sport.

AMERICAN TOPICS

Average New House Costs Over \$100,000

The U.S. government reported Friday that for the first time, prices of new single-family homes reached an average of more than \$100,000 in May. The report from the Commerce Department and the Department of Housing and Urban Development said that the average price of a new U.S. house rose to \$101,000 from April's average of \$95,900. The median price rose to \$80,900, meaning as many houses sold for more than that figure as for less.

The government also reported that sales of new houses declined 4.4 percent in May, marking the fourth decrease in five months.

Piles of Human Ash Anger Californians

Honoring the last wishes of dead relatives, thousands of Californians over the years have paid to have their ashes scattered from an airplane high in the Sierra Nevada or over the Pacific Ocean.

But now relatives are reacting with horror to reports of foot-high mounds of human ashes and bone fragments, the cremated remains of as many as 9,000 people, that have been dumped by car at a rural site in the Sierra foothills. The property belongs to a commercial pilot who contracts with funeral homes to scatter human ashes.

Law enforcement officials and the state's cemetery board are cooperating in an investigation of the dumping ground, which was reported to authorities by angry nearby residents.

Several lawsuits seeking damages for fraud and infliction of emotional distress have been filed against the Neptune Society of Northern California, which supplied cremated remains to the pilot. The society maintains it is "as shocked and upset as everybody."

Sidney Will Battle New York Scofflaws

A hand-held computer named Sidney — Summons Issuing Device for New York — is out to get New York City's traffic scofflaws who accumulate numerous unpaid parking tickets with virtual impunity.

The city is planning to spend more than \$25 million to equip its traffic agents with the device that not only prints out legible, smudgeproof and waterproof citations, but scans its memory to compare the offending car with lists of vehicles known to be stolen or far behind in unpaid tickets.

City officials say that about 30 percent of the 10 million parking tickets issued each year are voided because they are incomplete or unreadable. And it takes several days for the city to match freshly ticketed vehicles with its list of those that have

accumulated 10 unpaid judgments in the last 18 months. Anticipating that city motorists will not greet Sidney warmly, the city is telling prospective manufacturers that the device must be "able to withstand severe blows" and must "withstand malfunction not lose its memory during such battering."

Snoopy Transformed Into Fashion Hound

The Fashion Institute of Technology in New York has gone to the dogs. Its new show features costumes made by some of the world's leading designers for the world's leading belle.

In "Snoopy: Putting On the Dog," the canine star of Charles M. Schulz's Peanuts comic strip and his sister Belle sport more than 140 outfits.

In a setting of giant doghouses, the stuffed animals model outfits ranging from hiking togs and backpacks made by L.L. Bean to ultra-regal court dress by Balmain — an ermine-edged velvet cloak and ruby-studded crown for Snoopy and a rhinestone-trimmed satin gown and diamond tiara for Belle.

Betty Johnson put the pair in punk outfits and aviator glasses. Flashed whipped up an orange and white bikini for Belle, and Givenchy decked Snoopy in a version of his own work jacket, complete with tape measure hanging around the neck. Oscar de la Renta put Snoopy in black velvet with a white ruffled collar and Belle in a white ruffled dress, while London's Emanuel provided wedding finery and even an organza-clad bridesmaid.

The show will stay in New York until September, when it moves to the Far East. None of the outfits is for sale.

An October Surprise? Welcome to Grenada

Political Washington is speculating on a possible "October surprise" for President Ronald Reagan's Democratic challenger. It would take the shape of a presidential visit to Grenada on Oct. 25, the first anniversary of the Caribbean island's invasion by U.S. forces and a date close enough to the Nov. 6 election should Mr. Reagan's re-election campaign need a last-minute boost.

Political strategists for Mr. Reagan acknowledge that they've been discussing the idea, but say that no decision has been made.

The Democratic Congressional Campaign Committee has been busy distributing copies of a story in a respected trade journal, Aviation Week and Space Technology. The magazine reported in its June 4 edition that Plessey Airports of Britain had resumed work on the Point Salinas Airport in Grenada "as part of an effort to have the airport operational before an anticipated visit by President Reagan in mid-October."

Jackson Returns to U.S., Bringing 48 Prisoners Released to Him in Cuba

By Juan Williams

Washington Post Service

WASHINGTON — The Rev. Jesse L. Jackson has ended a Central American tour by bringing to the United States 22 Americans and 26 political prisoners released by President Fidel Castro of Cuba.

Two planes, one American and one Cuban, landed late Thursday in Washington, where hundreds awaited the arrival of the prisoners.

At a press conference early Friday at the airport, Mr. Jackson said his mission had succeeded where others have failed "because I tried." He criticized U.S. policy on Cuba and said, "A no-talk policy does not work. We must talk with the Cubans."

He said the main purpose of his mission to Panama, El Salvador, Nicaragua and Cuba was peace.

"The signs of war are growing" in the region, Mr. Jackson said. The military budget is on the rise. Danger signs are on the rise. Dialogue and understanding are on the decrease.

"It's time to stop the killing," he said. "There comes a time when we must learn to forgive each other, to redeem each other and to move on."

The trip home ended a hectic day for Mr. Jackson, who met Thursday morning with Sandinista officials in Nicaragua and criticized Reagan administration policies in the region. The Democratic presidential candidate then flew to Havana to pick up the prisoners, whose release he secured earlier this week.

Mr. Castro was at the Havana airport to greet Mr. Jackson. To the chant of "Fidel, Jackson" from thousands of Cubans at the airport, the two walked to a meeting room. There they talked with Cuban and American officials who worked out last-minute problems.

In explaining his decision to release the prisoners, Mr. Castro said, "It was all a result of Jackson's visit, as a goodwill gesture to him and the people of the United States. We felt we had to make a gesture of a positive nature."

As a farewell gesture, Mr. Castro offered Mr. Jackson a Cuban cigar. Mr. Jackson put the wrong end of the cigar in his mouth as Mr. Castro struggled to light it. Mr. Jackson, who does not smoke, said he accepted the cigar because in that special situation it was a "peace pipe."

Besides the 48 released prisoners, Mr. Jackson also brought Andres Vargas Gomez, 69, and his sister from Cuba. Mr. Vargas spent 22 years in prison in Cuba on charges of spying for the CIA. He was released in December 1982 but was not allowed to leave the country.

Mr. Vargas spoke at Mr. Jackson's press conference in Washington and made clear that he does not share Mr. Jackson's view of Cuba or Mr. Castro.

"To go to Cuba to join in a moral offensive with Fidel Castro," he said, "is a moral offense."

"We're certainly happy to be here in a free country and a civilized country, but we cannot forget we were political prisoners," he said. "I cannot be here and allow the idea that Fidel Castro is human."

Mr. Jackson said later, "I have a different point of view. But that's what makes America."

Most of the Americans released had been in jail on drug-trafficking charges. For six of them, freedom was brief. They were taken into custody to face charges of violating U.S. laws.

The Cubans were issued visas by the U.S. Interests Section before they left. They will be able to apply for asylum.

Many of 26 Cubans who were released had been political prisoners for more than 20 years. The human rights organization Amnesty International confirmed Thursday that the Cubans were among the hundreds of uncooperative prisoners known as *planchados* — "those who take a fixed position."

In Nicaragua on Thursday before his return to Cuba, Mr. Jackson criticized the Reagan administration's policy in Central America and said anti-Sandinista rebels supported by the United States should stop fighting.

In El Salvador, Mr. Jackson had said the leftist forces fighting the Salvadoran government were legitimate political forces.

Mr. Jackson met for two and a half hours with Sergio Ramirez

Mercado, a member of the three-man ruling junta and the highest ranking leader currently in the country, and other high-ranking government officials.

Later, Mr. Jackson appeared with Mr. Ramirez and read a statement that included nine points of agreement. The foremost point was to call for a meeting between the government and the Catholic and Protestant churches of Nicaragua.

Offer on 'Excludables'

Later Friday, Mr. Jackson said that the Reagan administration is offering to begin talks with Cuba next month on the possible return of several thousand undesirable persons who came to the United States in the 1980 Mariel boatlift. The Associated Press reported.

Mr. Jackson said after a 75-minute meeting at the State Department with Undersecretary of State Michael Armacost and other officials that the administration has proposed two days in July for beginning the discussions.

Mr. Jackson did not give the dates but said he hopes the Cuban leader will immediately respond to the U.S. offer.

The U.S. government has not allowed the so-called "excludables," who include former prison inmates and mental patients, to take up residence in the United States and has kept them in detention.

John Hughes, the State Department spokesman, confirmed later that the administration "would like to start the talks" and that officials had contacted the Cuban government about sending a date.

Mr. Jackson also briefed the Congressional Black Caucus on Friday.

He said afterwards that he was disappointed not to be able to talk directly to President Ronald Reagan or Secretary of State George P. Shultz about his trip.

"I think it would be important for the president to hear and to seize this initiative," Mr. Jackson said. "It would be well for the secretary of state to do so. Neither of them has ever met Castro."

"They only talk at him and talk about him. Leaders have a moral obligation to face each other face-to-face," he said.

Black Muslim Undisturbed by Jackson Rebuff

United Press International

WASHINGTON — Louis Farrakhan, the leader of the Nation of Islam, a Black Muslim organization, says he was "not the least bit disturbed" by the Rev. Jesse L. Jackson's disavowal of comments he made concerning Jews.

Mr. Farrakhan, a Jackson supporter, referred to Judaism as a "gutter religion" during a speech Sunday in Chicago.

Mr. Jackson's campaign aides issued a statement Thursday in his name saying, "I find such statements and comments to be reprehensible and morally indefensible."

"Such statements and thoughts have no place in my own thinking or, in this campaign," the statement said.

The Senate also voted, 95-0, to condemn Mr. Farrakhan for "hateful, bigoted expressions of anti-Jewish and racist sentiments."



Louis Farrakhan

U.S. Protests Landing Of Canadians on Island

United Press International

MACHIAS SEAL ISLAND — The United States has protested the June 18 landing of Canadian law-enforcement officers in a helicopter on this 15-acre (six-hectare) island off the coast of Maine that is claimed by both nations.

The State Department said in a note sent Thursday to Canada that when two Royal Canadian Mounted Police officers landed by helicopter June 18, they reportedly killed several nesting rare terns and disrupted a bird-watching excursion of a Maine charter boat captain who reported the incident.

Canada countered that the island was its territory and the Mounties were on a routine wildlife patrol enforcing bird protection laws endorsed by both nations.

Senator William S. Cohen, Republican of Maine, said the State Department's Office of Canadian Affairs told him the formal protest to Ottawa suggested that the two countries had agreed to resolve the decades-old ownership dispute.

U.S. Senate Cuts Contribution to UN, Cites Escalation of Employee Salaries

United Press International

WASHINGTON — The Senate voted Thursday to cut the mandatory U.S. contribution to the United Nations by \$21 million, approving an amendment proposed by Senator Nancy Landon Kassebaum, Republican of Kansas.

The amendment to the spending bill for the State, Justice and Commerce departments, reduces the contribution to the United Na-

Study Finds Recessions Increase Mortality

By Harry Nelson

Los Angeles Times Service

ANGELES — A new study on the 1981-82 recession predicts that the United States is entering an extended period of increased illness, mortality and social problems among certain elements of the population as a result of that economic downturn.

Prepared by Professor M. Harvey Brenner of the Johns Hopkins School of Public Health for the Joint Economic Committee of Congress, the study asserts that the recession of 1973-74 contributed to about 165,000 additional deaths from heart disease and stroke, with the effects still continuing.

"These are deaths that occur earlier than they otherwise would have, deaths whose timing is related to economic disturbances," he said.

In addition, Mr. Brenner linked the 1970s recession with both short-term and long-term increases in the incidence of suicide, homicide, deaths from cirrhosis of the liver, infant and maternal mortality, mental illness and crime.

"The study is intended to be used as a basis for developing a system Congress may use to allow it to take into account the health and social implications of its economic policy-making decisions," Mr. Brenner said Wednesday.

'Study Finds Recessions Increase Mortality

Any change affects the health of the population, and since this is true, different levels of government, industry and unions have the responsibility to take into account what happens as a result of economic decision-making," he added. "Put in another way, health ought to have a seat at the table."

A White House spokesman said there would be no comment on the study until the report had been examined.

Mr. Brenner, a professor of health policy and management, has pioneered research linking unemployment and declines in per-capita income with various rates of mortality and illness, including mental illness.

In the 1970s, he analyzed the health effects of a 14.3-percent increase in unemployment that occurred during the recession of 1973-74 and found a strong correlation between the higher unemployment rate and increases in mortality from a variety of chronic diseases. He also found that the rate of business failures during that recession had a negative impact on mortality and illness rates.

A key finding in Mr. Brenner's research has been that adverse effects usually do not occur until three to five years following the peak of the recession and that it takes 10 years or more for the full impacts to be felt.

His new study examines the statistical relationship between health and various economic indicators from 1950 through 1980. Besides unemployment and business failure rates, other factors that are pertinent to health were

analyzed. For example, in the case of cardiovascular disease, those factors included alcohol, cigarette and fat consumption.

The researcher said that techniques are available to isolate the contribution made by any one factor, though all the other factors have an effect at the same time.

If, for example, there is a 10-percent increase in unemployment, the result would be a 1.7-percent increase in deaths from cardiovascular disease over a 16-year period. A 1.7-percent increase would result in 17,392 deaths from heart disease between the peak of the 1981-82 recession and 1997, Mr. Brenner predicted.

Another effect of the recession, a 10.4-percent increase in the rate of business failures, would result in an additional 5,793 deaths from heart disease, the report said.

Because the change in unemployment between July 1981 and November 1982 was 48.6 percent, according to Mr. Brenner, the adverse health effects may be far more damaging than the 10-percent estimates, assuming that the population characteristics have not changed greatly since the earlier period, upon which the calculations were based.

Among those Mr. Brenner listed as being at high risk following a recession are 16-year-old and 17-year-old males, especially of minorities; senior citizens who are chronically impoverished; female heads of households; and infants whose parents were affected by economic conditions.

Mr. Alexander said after the meeting.

Willing to Halt Fighting

Mr. Wright also said that Mr. Pastora had indicated that his group would lay down its arms if allowed to take part in free elections. The New York Times reported.

Others described Mr. Pastora as encouraging both Republicans and Democrats to join with politicians in Latin America and in Western Europe to press Nicaragua to liberalize election rules and to allow former insurgents to take part.

Some Latin American specialists said they considered it potentially significant that Mr. Pastora had apparently joined forces with Arturo José Cruz, a former Sandinista leader who is now an economist with the Inter-American Development Bank in Washington.

Mr. Cruz also accompanied Mr. Pastora in his meetings on Capitol Hill.

Pastora Seeking a Political Role in Nicaragua

By Joanne Omang

Washington Post Service

WASHINGTON — Edean Pastora Gómez, the Nicaraguan rebel leader who is beginning a visit to the United States, has asked members of Congress to help him enter the Nicaraguan election process.

Mr. Pastora hinted through aides that he was considering abandoning his military effort to overthrow the leftist government of Nicaragua, which he had served for two years as deputy defense minister.

The legendary Commander Zero of the Sandinista revolution that overthrew the dictator Anastasio Somoza in 1979, Mr. Pastora has been under pressure from Latin American and European social democrats to leave the Costa Rica-based Democratic Revolutionary Alliance and join political resistance to the government.

Such a decision would deprive the rebels of their most widely known and charismatic leader and could provide a focus for the currently disorganized and fragmented democratic opposition parties in Nicaragua.

Mr. Pastora was seriously injured in a bomb explosion May 26 at his headquarters in La Penca, Nicaragua, and his Revolutionary Sandinista Front was expelled Monday from the Democratic Revolutionary Alliance, the rebel alliance based in Costa Rica.

The Sandinista government has repeatedly refused to consider allowing him to enter Nicaragua, much less take part in the Nov. 4 elections. His backing from opposition parties is also questionable.

However, Mr. Pastora was accompanied on his visit Thursday by Alfredo César, a prominent and disillusioned former member of the Sandinista government who has established a "civil movement" of democratic resistance. He said Mr. Pastora "has decided to take this path" and would make an announcement Monday.

Mr. Pastora distributed a statement saying:

"I have sought the company of several fellow Nicaraguans in order to form a group dedicated to search for a political solution. This does not mean that I am abandoning my comrades in the armed struggle. On the contrary, [they] have given me their express approval for this peaceful endeavor."

"It is my intention during this trip," he added, "to persuade Sandinista supporters to stop giving a blank check to Managua if they sincerely want to see democracy in Nicaragua."

Mr. Pastora met with several members of the House Permanent Select Committee on Intelligence and about 30 members of Congress, including the Republican Study Committee. He later met with two leading Democrats, Representative Jim Wright of Texas, the majority leader, and Representative William V. Alexander Jr. of Arkansas, the deputy majority whip.

"It's clear all the *contras* want to participate in elections if their safety can be guaranteed during the campaign," Mr. Alexander said after the meeting.

Willing to Halt Fighting

Mr. Wright also said that Mr. Pastora had indicated that his group would lay down its arms if allowed to take part in free elections. The New York Times reported.

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Mr. Cruz also accompanied Mr. Pastora in his meetings on Capitol Hill.

U.S. Raises Debt Limit by \$53 Billion

House-Senate Impasse Continues on the Military Budget

Compiled by Our Staff From Dispatches

WASHINGTON — The U.S. Senate gave final congressional approval on Friday to legislation raising the government's line of credit by \$53 billion, a move that will push the national debt to \$1,573 trillion by the end of August.

The Senate passed the measure in a matter of moments by voice vote and sent it to President Ronald Reagan for his signature.

About an hour earlier, the House of Representatives, on a 208-202 vote, had approved the measure.

In a preliminary vote Friday, the House voted 300-109 to reject a move to increase the debt limit by \$180 billion. This gave some legislators the opportunity to indicate that they opposed raising the national debt.

Then the House voted to raise the limit by the smaller amount, which is enough for the government to cover its bills through August and clears the way for Congress to begin a summer vacation.

Raising the debt limit does not mean spending more money, but simply gives the Treasury Department the power to borrow money to pay bills already incurred.

If Congress had not acted before it recessed Friday, sales of government securities could have been disrupted and some government obligations, such as payment of Social Security benefits, might not have been met.

Some Democrats in the House, led by Representative James R. Jones, Democrat of Oklahoma, chairman of the House Budget Committee, had been urging rejection of the debt limit to force the Congress to postpone its plans to adjourn Friday on a three-week recess for the July 4 holiday and the Democratic National Convention.

"I urge you to defeat it as a means of forcing action in the House-Senate budget conference," Mr. Jones said on the House floor.

His hand was strengthened by the support of other leading members of the Budget Committee.

"Here we are again," said Representative Barber B. Conable Jr., Republican of New York, one of those trying to shepherd the debt-limit increase through the House.

"As a fiscal tool, the debt-ceiling increase is much overrated, and we all know it," Mr. Conable said. "It has significance only as it offers us an opportunity to hold the government hostage to some extraneous issue."

over the level of military spending.

On Wednesday, the House offered to meet the Senate halfway on military spending in the budget resolution by raising the House's proposed growth rate from 3.5 percent to 5 percent, after adjustment for inflation. The Senate rejected the offer and is insisting on the 7-percent average growth through 1987 that is supported by Mr. Reagan and included in the Senate deficit-reduction package.

The Senate did not yield. Senator Pete V. Domenici, Republican of New Mexico, chairman of the Senate Budget Committee, canceled a meeting of his committee's conferees to discuss the military issue.

At the same time, the separate House-Senate conference on the military authorization bill for the fiscal year 1985 broke up with no plans to meet until after the recess.

(AP, NYT)

Shultz Calls Cuban Releases Propaganda

(Continued from Page 1)

propaganda victory for Castro and maybe he added another chip."

[President Ronald Reagan, asked Friday for comment on Mr. Jackson's tour, replied, "I don't have time to talk about things like that." United Press International reported.

[But his chief spokesman, Larry M. Speakes, said Mr. Reagan did not disagree with Mr. Shultz's assessment of Mr. Jackson's trip as a "propaganda victory" for Mr. Castro.]

The White House said the 26 Cuban political prisoners "appear to be individuals who've been imprisoned for many years because of their opposition to the policies of the Castro regime."

Verne Jervis, the spokesman for the Immigration and Naturalization Service, said Thursday that the agency had determined that none of the 26 Cubans would have to be detained. He said they would be given special parole status to remain in the United States.

Report on Nicaragua

A new U.S. report says Nicaragua has become the nerve center of a "subversive system" for Central America that includes the collaboration of 14 countries and leftist "internationalist groups." The Associated Press reported.

This assistance has converted Nicaragua into a far more formidable threat to the region than it would be if it were acting alone in

pursuing its revolutionary ambitions, the unreleased study said.

Titled "Nicaragua's Military Buildup and Support for Central American Subversion," the study traces how the Sandinistas, "step by step, have become a menace to their neighbors and to the Nicaraguan people."

In addition to the estimated 9,000 Cubans in Nicaragua, the report said the Soviet Union, East Germany, Bulgaria, Czechoslovakia, Poland, Hungary and Libya have military or civilian advisers or both based in that country.

Further, it said, envoys representing leftist groups in Argentina, Spain, Uruguay and the Palestine Liberation Organization have set up offices in Nicaragua.

Herald Tribune

Published With The New York Times and The Washington Post

The Pragmatic Reagan

The pragmatic side of Ronald Reagan was in evidence in his remarks on Wednesday to a carefully chosen audience, a conference on U.S.-Soviet exchanges. He did not alter his unproductive course on the big, political arms-control issues, on which negotiations with Moscow are dead in the water. But, following up his pledge in January to explore "small ways" to improve Washington's working relationship with Moscow, he catalogued his efforts to reopen and expand the network of détente-era contacts and exchanges put on hold by the collapse of détente, mostly in President Jimmy Carter's time.

These connections—in culture, health, environmental protection, space rescue and the like—were conceived first as contributions to good will and then, under President Richard Nixon, as ties of mutual self-interest meant eventually to bind the superpowers even in periods of great stress. Events in Afghanistan and Poland, along with the breakdown of arms control and the dispute over the Sakharovs have frustrated that hope. The theory behind it came under heavy attack from conservatives such as Ronald Reagan. Nonetheless, the president, under election-year pressure to soften the face of his Soviet policy, now says he is eager to resume the old contacts.

There was sense and modesty to his portrayal of what he described as an unresolved policy

dilemma. It is essential to object to objectionable Soviet actions, he said—objecting again to Afghanistan to make his point—and to be able to do so by "ways short of military threats," such as cutting off exchanges. Still, he added, "we must be careful in reacting to actions by the Soviet government not to take out our indignation on those not responsible. And that's why I feel that we should broaden opportunities for Americans and Soviet citizens to get to know each other better."

In the immediate aftermath of the invasion of Afghanistan, many Americans might not have been able to muster such detachment and balance. In the current stage of Soviet-American relations, however, Mr. Reagan's conclusion seems appropriate and mature.

Whether Moscow is disposed to pick up the ball is another matter. Mr. Reagan's mellowing comes late in the day and mostly in the atmospheric realm. Soviet attitudes hardened long ago, and the Kremlin leadership is still unsettled. Recent Soviet visitors to Washington have seemed either hostile and skeptical or, in the few better moments, uncertain and tentative. Some American conservatives, in and out of the administration, grumble preemptively that Mr. Reagan is about to give away the store. We do not believe it, but the tone of his policy certainly is changing.

—THE WASHINGTON POST.

A Trial Without Justice

Repressive regimes are rarely capricious in their choice of victims. They often single out prominent dissenters so as to intimidate the less prominent. When justice is thus debased, the result is a show trial. A particularly ugly contemporary example was Turkey's trial of 23 leaders of a peace association, who languish in jail even under a new civilian regime that is embarrassed by their plight.

The Turkish Peace Association was founded in 1977 to promote arms control, compliance with the Helsinki accords and the peaceful settlement of international disputes. It also opposed NATO's new missiles, and some of its founders belonged to the left-of-center Republican People's Party, now outlawed. After Turkey's generals seized power in 1980, they made an example of the group.

Its leaders were charged with abetting communism and conspiring to establish "the sovereignty of one class over another." After 10 months of detention, they were convicted by a military court. Sentences were handed down last November, only days after the election of a civilian regime that claimed to be easing martial law. Eighteen defendants got eight-year terms, the rest got five years.

Among those imprisoned are the president of the Turkish Medical Association, the headmaster of a French-language lycée, the general secretary of the Turkish Writers Union, the director of the State Theater Company in

Istanbul and the president of the Istanbul Bar Association.

The defendants include one woman, Reha Isvan, an English teacher who was associate director of Istanbul's education department while her husband was mayor from 1973 to 1977. She has three grown children, two studying in the United States. Indeed, as she told a visitor, 26 members of her family over three generations have graduated from American schools. She belongs to no political party and is accused of no subversive acts, only advocating changes in national policies.

On equally vague grounds, Turkey's military courts have jailed tens of thousands. Last October, the government acknowledged holding 12,559 political prisoners. To be sure, terrorism was once epidemic, but the plague has long since ebbed. In any case, the peace association defendants are unlikely bomb-threateners. To all appearances, their persecution was prompted by the fear that if people like Mrs. Isvan speak out, others will too.

An appeal to the Supreme Military Tribunal is still possible and the new civilian government, nervous about its powers, has discreetly taken up the association's case. A general amnesty for all prisoners whose only offense was the expression of opinion would go far to change Turkey's reputation as the only NATO country given to staging show trials.

—THE NEW YORK TIMES.

Other Opinion

The 'Ifs' of a Mondale Victory

Can anyone win the presidency without carrying Connecticut, New Jersey, Illinois, Michigan, Indiana, Iowa and every other state west of the Missouri River except Texas? Of course. Jimmy Carter did it in 1976.

Can anyone win the presidency who is running 10 or more points behind his opponent in the national polls at the beginning of the election year summer? Of course. Harry Truman did it in 1948.

Can anyone whose political party tore itself up with internal dissension and lost the previous election by a landslide win the presidency in the next election? Of course. Richard Nixon did it in 1968.

None of these conditions exist in exactly the same context this year, but the questions and answers serve to put the current political situation into a somewhat different perspective.

Can Walter Mondale or any other Democrat beat Ronald Reagan in 1984? Of course—

if everything breaks right for him.

—Arnold Savitsky of UPI.

Help Iraq Build Its Pipeline

The U.S. Export-Import Bank has tentatively agreed to guarantee \$300 million in American bank loans for a pipeline in Iraq from the Red Sea to the Persian Gulf. The pipeline would be financed by an equal amount of West European financing can be lined up, the new pipeline could be in operation by early 1986.

Iran is now preventing Iraqi oil exports through the Gulf, while Syria has refused to allow Iraqi oil to move across its land. As a result Iraq can export only 950,000 barrels a

day by pipeline through Turkey. The benefits to Iraq of a new oil-exporting link are thus obvious. Perhaps less so are the benefits to America and the world.

Any oil-transportation system that bypasses the Gulf helps all oil-importing countries by lowering the threat to supplies. A doubling of Iraqi oil exports could also help undermine the OPEC production-quota system. More Iraqi oil put on the world market could help further depress prices. Iraq has asked the United States for assurances that a pipeline through Jordan would not be attacked by Israel. Sure, the Israelis have said, presumably meaning that they would leave the line alone so long as Iraq behaved itself toward Israel. That is no guarantee that Iraq will adopt a permanent stance of inactivity militancy in regard to Israel. A pipeline vulnerable in attack could become a hostage to Iraqi good behavior.

—The Los Angeles Times.

EC Is Not Out of the Woods Yet

The settlement reached in Fontainebleau is not an ideal one, but there was never any prospect that it would be. There are real divergences of interest between member-states as well as genuine and deep-seated differences of opinion about the interest of the Community as a whole. In such a case the only possible solution is a compromise. From Britain's point of view, this compromise is acceptable for two reasons. First, it leaves Britain in a position to insist on greater financial stringency. Second, it is an agreement which permits the Community after a year of existential crisis to turn its collective mind and energies to other things.

—The Times (London).

Israel's Economy: Is the Patient Dangerously Ill?

By Joyce R. Starr

WASHINGTON — Is Israel facing a strategic economic crisis? Could a prolonged war, for example, bring the country to the brink of economic collapse?

The governor of the Bank of Israel has warned that the public is increasingly unwilling to lend its money to the government, preferring foreign currency or assets linked to the U.S. dollar. Government deficits, he said, are adding to the country's foreign debt, while the economy lacks the corrective ability to deal with hyperinflation that jumped from a 130-percent annual rate in the first nine months of 1983 to a projected 400-percent rate by the end of this year.

The strains on the Israeli economy are so evident that even Arab diplomats—who in the past refrained from even mentioning Israel by name—have spoken out on the subject. But in Israel, there has been almost no public discussion of what will happen if the party that wins the July 23 election fails to bring the economy rapidly under control.

In a recent interview, Finance Minister Yigal Cohen-Orlitzky played down the severity of the situation. "A strategic crisis is a situation for which there is a considerable chance of no solution," he said. "In this case, Israel has a major problem, but not a crisis."

"If we had a deeply stagnant economy that could not enlarge its exports, you might say, 'Fine'—with such large debts, your fate is finished." But for Israel, the opposite is the case. Israel has a sophisticated economic base

and a great industrial export potential."

Shimon Peres, leader of the opposition Labor Party, also avoided the question of the nation's strategic vulnerability, but he blamed the ruling Likud coalition for "the present catastrophe." He said Likud has raised government spending by at least \$3 billion since it came to power in 1977: \$1 billion resulting from the supply-side politics of former Finance Minister Yoram Aridor; \$1 billion so far from the costs of the 1982 Lebanon invasion and the continued occupation of southern Lebanon; and more than \$3 billion for new settlements in the West Bank.

Mr. Aridor was appointed finance minister in 1981. During his two years in office, the government tried to curb inflation by granting large subsidies on essential commodities, lowering taxes on appliances and passenger vehicles, and slowing the rate of devaluation of the Israeli shekel. But rather than encouraging savings, Mr. Aridor's policies accelerated inflation by an alarming rate, causing export profits to decrease, and the civilian goods and services deficit nearly to double from \$2.1 billion in 1981 to \$4 billion in 1983. The growth rate of the economy, a fairly steady 10 percent between 1948 and 1973, was only 2 percent in 1982 and 1983.

But poor policy planning and mismanagement only partly explain a \$22.6-billion external debt (excluding offshore holdings)—the

second highest per capita, trailing only Norway. Due largely to huge arms purchases, the figure spiraled from a comparatively minor \$2.6 billion in 1970 to \$5.1 billion following the 1973 Yom Kippur war, and hit \$11.1 billion in 1977 when the Likud took office.

The peace with Egypt has also been costly. In 1978, Israel produced one-fourth of its oil requirements through the Alma oil fields which it discovered in the Sinai. Oil imports in 1978 were \$775 million.

Since 1979, when the Alma fields were handed over to Egypt as part of the peace accord, Israel has paid \$2 billion annually for oil—20 percent of its total export receipts. (Likud cannot use this as an excuse for the nation's difficulties, said Joseph Rom, a military analyst and Likud member of the Knesset, noting: "The Likud is portraying peace with Egypt as its greatest achievement. To justify our economic difficulties in these terms would therefore be impossible.")

Yet, from the Israeli perspective, the structure of the debt, (certainly not its magnitude), offers some prospects for recovery.

For unlike the case of Argentina, Brazil or Mexico, which owe about two-thirds of their debt in commercial banks at short-term rates, only 25 percent of Israel's debt originated on a commercial basis. About \$3.3 billion of the total is short-term debt, and the largest portion, \$9.2 billion, is owed to the U.S. govern-

ment. An additional \$800 million comes from international lending agencies, with \$2.6 billion in the form of a revolving account of Israel government bonds. In short, well over half of Israel's indebtedness is in loans held by bondholders not apt to call in the debt.

And unlike the Latin American case, U.S. loans to Israel were negotiated at fixed interest, to Jerusalem's current advantage.

Israel's debt service was \$2.2 billion in 1983, or 26 percent of total exports. American officials say this is high, but not critically so. Government transfer payments to Israel, including restitution monies from West Germany—\$300 million to \$400 million annually—and U.S. aid, have averaged \$2.8 billion per year over the last decade, adequately covering debt service requirements.

While a dramatic decrease is not expected in the near term, a gradual phasing out of American aid could actually prove a plus, necessitating the adoption of stringent economic measures.

In the meantime, if Israel's economic viability appears to remain intact, the mindfields ahead are no less awesome. Shimon Peres summed it up this way: "The situation is so terrible, I have to be optimistic."

The writer is director of the Near East Program of the Center for Strategic and International Studies at Georgetown University. She contributed this comment, the first of two parts, to the International Herald Tribune.

The Risks Of Picking 'A Woman'

By Alan Baron

WASHINGTON — The speaker of the House, Tip O'Neill, has predicted that the Democratic nominee for vice president would be either Senator Gary Hart or "a woman."

Mr. O'Neill's blunt language demonstrates again that politicians see women in a different light than they do other groups. Mr. O'Neill, a good liberal, would never say the choice was narrowed to Mr. Hart and "a Jew" or "a Catholic." Jewish and Catholic potential candidates, as well as religious organizations, would be embarrassed and offended. By contrast, women's organizations and potential female candidates applauded Mr. O'Neill's remarks and are engaged in a major campaign to pressure Walter Mondale to select a woman as his running mate.

The campaign could well subvert the best interests of the women's movement as well as those of the candidates it supports.

For while most Americans do not believe a woman should be denied the vice presidency or, for that matter, the presidency because of her gender, neither do they believe she should be elected because of her gender.

Mr. Mondale's vice presidential selection provides him with an important opportunity to demonstrate the two qualities people are looking for most in 1984: courage and vision. The choice of a woman could enhance those qualities, but not if the candidate seemed simply to be pandering.

That has been demonstrated by, of all people, Ronald Reagan. If the appointment of women to high positions is a valid standard for judging candidates' commitment to women's rights, the current White House surpasses its predecessors. The president has appointed women to the Supreme Court, as United Nations ambassador, and to two key cabinet posts.

But polls show the president running 10 percentage points poorer among women than among men. If that is true on Election Day, it will reflect a dramatic shift in women's politics, since women have consistently voted Republican more than have men for most of this century.

A Reading List for Graduates And Others With Time to Fill

By George F. Will

WASHINGTON — Mr. William J. Bennett, Chairman, National Endowment for the Humanities, 1100 Pennsylvania Avenue, Washington, D.C.

Dear Bill: You write in report that you encounter skepticism when you say there are certain works in the humanities with which everyone graduating from high school should be familiar, and you solicit from me and others a suggested list of 10 such works. Herewith my list, but first my caveat, which is:

Lists proper for British or French pupils would be different. American secondary education should give a glimpse of the shared treasure of Western culture, but also should help define an educated American. So, here goes.

The Bible (the King James version, of course). Genesis and other portions of the Old Testament, plus any two Gospels. American Civil Liberties Union lawyers will object? To the state with them!

Aristotle's "Politics." The Bible is important, new Aristotle is important advice. And students can learn the correct conclusion of every serious argument: Aristotle was right.

Plato's "Apology" and "Crito," the dialogues about the trial of Socrates and his response to the death sentence illustrate coherent argument about serious matters, including civil disobedience. Socrates was executed for corrupting the young, so these dialogues also serve as a warning to teachers.

Shakespeare's "Macbeth" is the best way to give brutes steeped in the mechanical adventures of "Indiana Jones" a sense of real terror. It also provides an introduction to the richness of genius, and to the



That is conveyed by a comparison between the last year women could not vote and the first year they could.

In both years, 1916 and 1920, the Democrats drew 9.1 million votes; the Republican vote surged from 8.5 million to more than 16 million. At least 75 percent of the women voted Republican more than men in every presidential election since then, except two: 1964 (Lyndon B. Johnson vs. Barry Goldwater) and 1980.

Women's move away from Republicanism and toward the Democrats has little to do with partisan ideology or even women's rights issues. Rather, it has to do with basic differences between the values of male and female Americans: Women are much more inclined to place a priority on peace and social stability than men and are much less willing to risk war and social instability.

In their first election, women rallied behind Republican Warren G. Harding, who promised "a return to normalcy." Despite his liberalism, it is Mr. Mondale who is perceived by women as the return-to-normalcy candidate this year.

A review of Gallup Polls over the past 50 years indicates that the gender gap has changed far less than the labels used to describe it. The greatest gaps have been in two areas.

First, foreign policy: Women were more opposed than men to World War I, under Democrat Woodrow Wilson, to World War II, under Democrat Franklin D. Roosevelt, to Korea, under Democrat Harry S. Truman, to Vietnam, under Democrat Johnson, and now to Central America, under Republican Reagan.

And the second issue is one of social control, with women much more likely than men in support for prohibition and gun control. On the first, of course, they were aligned with the Republican right; on the second, with the Democratic left. But again, the real issue did not change: Women in far greater numbers than men believe that alcohol and guns produce drunkenness and violence, which make society less stable and more unsafe.

The writer, publisher of the *Barron Report*, a national political newsletter, contributed this comment to the *Los Angeles Times*.

Warning: This Is Not a Healthy Recovery

By Hobart Rowen

WASHINGTON — On June 20 the U.S. Commerce Department published figures purporting to show that the economy was booming ahead, so fast that Treasury Secretary Donald T. Regan said he would ask the nation has entered a new era.

Five days later the nation got a clear understanding of what the "new era" was all about: interest rates so high that they pose a threat not only to recovery in the United States and political stability among the major Third World debtors, but to Ronald Reagan's re-election.

This is not a healthy recovery at all. It will come to an unpleasant end, the timing depending in part on when the Federal Reserve Board quits supplying as much money to financial markets as it is now doing.

As the Bank for International Settlements in Basel, Switzerland, said last week in its annual report, there are two dangerous possibilities: "inherent in this sort of recovery" is a quick, early halt to the expansion, or a new inflation that sustains activity a while longer, but which leads "to a sudden and prolonged depression."

Reagan administration officials will not confess how worried they are over a boost in the banks' prime lending rate to 13 percent. It was the fourth half-point jump in four months, to the highest level in almost two years. But they are shaken, because the prime rate and other interest rates clearly have not peaked.

The conservative estimate is that the prime rate, driven by the budget deficit and fears of inflation, will hit 14 percent by the end of 1984, and may top 15 percent next year.

The administration pretends not to understand why interest rates are rising. Officials would have us believe that somehow Wall Street and the bankers are engaging in a massive cabal to do Mr. Reagan in.

There is no excuse for interest rates being at the level they are right now, other than fear of the future," said Secretary Regan. A few days

later, Mr. Regan acknowledged that the pattern could abort the recovery, and he termed the rise "regrettable."

But there is really no mystery: Interest rates are rising because the booming economy has led to an explosion in borrowing by business at a time when the Treasury is trying to finance the huge deficit from the same pool of available funds.

What White House officials are really wondering is whether the recovery will grind to a halt earlier or later. A key factor is that rising interest rates are having less of an impact on housing than would have been true in the past when mortgage rates edged close to 15 percent, as is presently the case. The reason is that an estimated 60 percent of mortgages today are variable-rate mortgages, tied closer to short-term than long-term averages. They start at lower rates than fixed-rate, traditional mortgages. Thus, the impact on housing is being delayed.

The impact of high interest rates has also been diluted for many middle- and upper-bracket wage earners who can deduct up to 50 percent of interest costs for personal property purchases from their taxes.

But the paper must be paid. Uncle Sam gets no 50-percent deduction against taxes: For every added 1-point increase in interest rates, says the Congressional Budget Office, the baseline budget deficit increases by about \$25 billion after five years and by \$30 billion after six years.

In January, when the budget office estimated the 1989 deficit at \$248 billion, it made the benign assumption that Treasury-bill rates, which averaged 8.6 percent in 1983, would be 8.9 percent in 1984. But these bill rates are already 9.75 percent, and longer-term rates will have soared.

At the London economic summit, both President Reagan and Mr. Regan assured other officials that interest rates would start down this summer. Earlier this week, a less ebullient Mr. Regan would only express a hope that the rates might be "shading down." But most others see the trend continuing up. This could give Walter Mondale his best campaign issue.

The Washington Post.

LETTER TO THE EDITOR

Calais, Not Annie

As a former officer in the German Panzer-Lehr (Tank Instruction) Division at the end of World War II, I read with great interest Thomas O'Toole's report, "Radio Annie: Nazi Retreat Gave Allies a Propaganda Prize" (June 26).

Let me make two remarks. First, nobody in our division ever heard about a Radio Annie. We all listened to the "Soldatensender Calais," which inundated us with jazz and with news whose exactness concerning Wehrmacht moves behind the front line was absolutely stupefying.

Second, many Germans anxiously awaited the arrival of the "liberators" coming from the West. During our

retreat through the homeland in March and April 1945, all the villages we came through had already raised the white flag, well before the appearance of the first U.S. tank. The Americans did not need a "fifth column."

A. GRAF VON KAGENECK, Correspondent, Die Welt, Paris.

Letters intended for publication should be addressed "Letters to the Editor" and must contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

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ARTS / LEISURE

Sculptor Finds Links To Neanderthal Man

By David Galloway

METTMANN, West Germany — To the summer of 1856 workers were quarrying limestone in a narrow valley east of Düsseldorf. A dynamite charge exposed a low-ceilinged cave that held a quantity of bones presumed to be those of a bear. The village science teacher, who recognized the remains of a human skeleton, concluded that an Old Testament ancestor had been washed into the cave by the great deluge.

Anatomists at Bonn University doubted the Noah's Ark scenario but agreed that the find pointed to "the oldest races of mankind." Rivalry contributed their own theories for the origin of Neanderthal man. One identified a drunken Cossack fleeing from Napoleon, another a degenerate Dutchman, while a French physiologist recognized a muscular Celt "of minimal intellectual capacities."

As Neanderthal finds multiplied, together with identification of his stone tools, the Earth and its inhabitants appeared far older than science had ever conceived. That new dimension yawned toward infinity with the publication of Darwin's "Origin of the Species" in 1859. But even those sympathetic to the revolutionary hypothesis were reluctant to see the cave man as a potential ancestor. He was, at best, a regrettable mutation that had died out about 40,000 years before.

Neanderthal man became a synonym for the slow-witted primitive who spent his days squatting on his haunches and grunting. At mating time he clutched the first available female and dragged her away by the hair. The degenerate image was only confirmed through the life-sized facsimile prepared by France's leading paleontologist, Marcelin Boule. Based on an archaic skeleton reassembled with profligate poetic license, the hunched figure bore unmistakable resemblance to an ape.

Boule's dummy inspired count-

less textbook illustrations, and only in 1957 was the image seriously challenged. Today, our ancient ancestor's essential humanity is undeniable. We know that he believed in an afterlife, that he could think conceptually, that he erected shelters and developed serial techniques for producing tools. And we have conclusive proof that he was the world's first artist.

Revisionist thinking may not have altered the popular stereotype, but it has made the original Homo neanderthalensis something of a jet-setter. Recently the fragmented skeleton found by quarrymen over a century ago occupied its own seat aboard a Lufthansa flight from Düsseldorf to New York. For an international symposium at the Museum of Natural History.

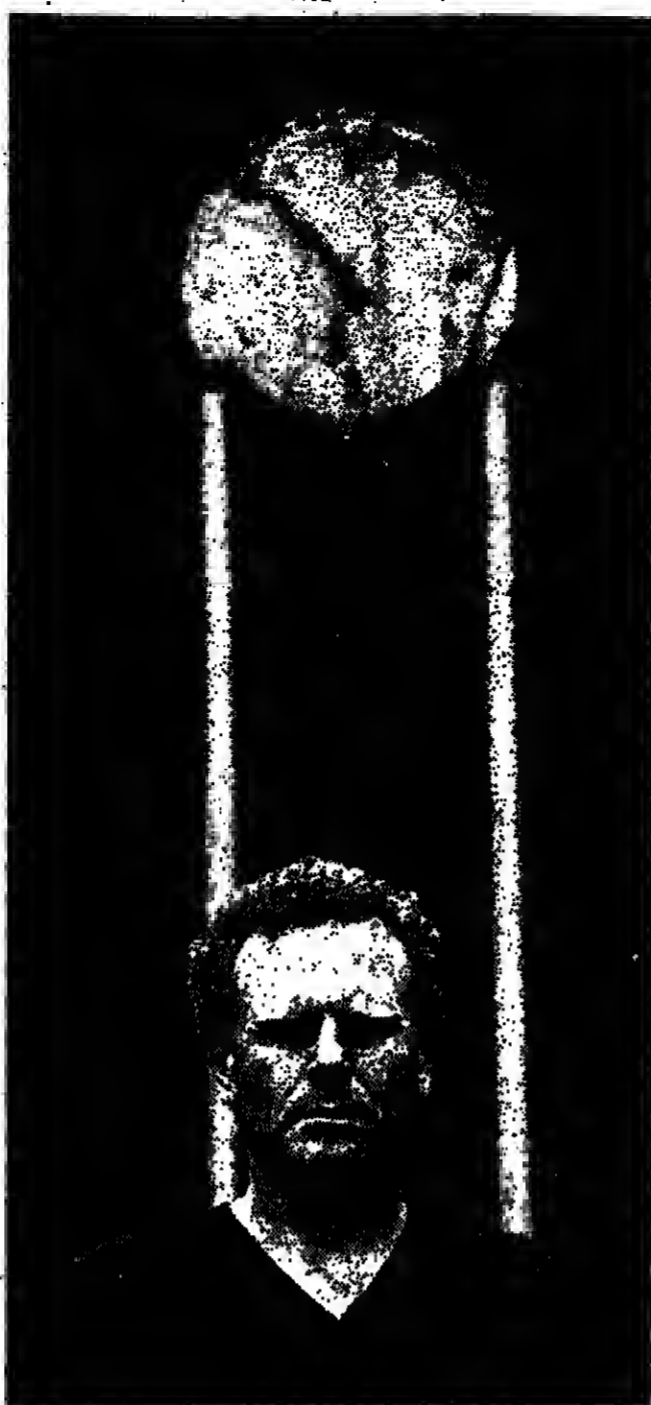
In his own country, early man's most vocal champion is not a paleontologist but a fellow-artist, 45-year-old Klaus Rinke. The muscular, strikingly handsome sculptor, professor at Düsseldorf's Art Academy, speaks enthusiastically of the achievements of his prehistoric "neighbor." On three continents he has opened exhibitions of his own severe, reductionist works with the provocative declaration: "I am a Neanderthal."

The affinity is symbolically affirmed in one of the most remarkable exhibitions of the current German season. Until early August, five of Rinke's monumental sculptures are on view in the Neander valley, while its dusty didactic museum houses an installation that literally pulses with energy.

At the entrance to the valley a vast railway clock towers before a deep fissure in the rock, as a reminder of the new concept of human time established here. Further on, a jagged iron fence surrounds galvanized vats filled with water—Rinke's version of "The Baltic Sea." Its counterpart is "The Mediterranean," consisting of 100 electric-blue polythene containers through which water flows in continuous eddies. Nearby, on the meadow where stony "Stone Age" ponies graze, a pair of soaring iridescent support plumb-bobs that point to the center of the earth.

Water, gravity, biological rhythms and the act of measuring have conspired in Rinke's syntax since the late 1960s. All, he reasons, would have made sense to his prehistoric forefathers. And though he regards his work as "anthropological," he sees no contradiction in the use of industrial components. "I was born in the Ruhr district," he explains. "As children, the full moon wasn't the moon but the clock at some train station or other, lighted with neon." Like Neanderthal man, he simply uses the materials at hand.

Recently the sculptor acquired a hostel built in 1911 for female textile workers in the town of Haan. Situated only a few miles from the Neanderthal, it now houses ateliers, high-tech living quarters, and a private anthropological museum. Like many of his contemporaries—including Nancy Graves, Claudio Costa and Richard Long—Rinke is drawn to the ritual significance of tribal art. Cultic and to-



Sculptor Rinke: Restoring the primal dimension.

temic artifacts, he feels, presume a mystical dimension that has largely disappeared from Western art.

That feeling was confirmed by extended stays in Australia. At Ayers Rock, for centuries the site of secret religious rituals, Rinke discovered a direct corollary to his own mythic use of water. The nature of the container—rock or plastic or aluminum—seemed inconsequential. But the visitor was also intrigued by the unaffected beauty of ritual objects. They were soon arriving in Haan by the crateful. Few public museums can approximate the definitive range or curatorial expertise of Rinke's installations.

Works from the Australian collection round out the Neanderthal exhibition, but they can only hint at the sweeping circle Rinke's philosophy inscribes on the globe. That is best suggested by the installation through which visitors pass as they leave the museum. Water pumps constantly through twisting plastic tubes that connect two steel vats, each supporting a factory clock. Only their ocean glow lights

the spacious room. Viewers discover the drawings that line the walls as they might make out, dimly, the layers of painted figures on the wall of a cave.

The 800 drawings from Rinke's ongoing Australian "diary" are abstract omissions of his intuitive responses to the distant continent. They are dense, thickly enlivened with graphic, or more recently, of yellow ochre—"the medium, favored by both Neanderthal and Aborigine."

The parallels are not intended to imply that Australia's first people are a Stone Age relic. But in the relative isolation of that remote land mass, rituals and myths may well have been preserved with particular consistency. There traditional art is not a superfluous luxury or cultural commodity but an instrument of survival. As collector, teacher, sculptor, performer, shaman, Rinke seeks to restore that primal dimension.

The Neanderthal Museum is open Tuesday through Sunday, from 10 A.M. to 6 P.M.

The Gould Sale: Monte Carlo Grab Bag

International Herald Tribune

MONTE CARLO — Great wealth suggests fantastic art collections. The fortune of the late Florence Gould, who died last year, was fabulous. Her collection was not. To have turned its three-day sale into a world triumph will remain a lasting monument to Sotheby's salesmanship.

As the international crowd the auction house had managed to at-

Souren Melikian

tract to Monte Carlo jostled about the great room of the Sporting d'Hiver before the first sale on June 24, a contrast in attitude could be observed. The overwhelming majority walked around the 18th-century furniture in a kind of trance. They did not seem to look at it very closely and tended to chat in rapturous tones. The professionals went from one piece to the next, stopping to examine purposefully, running a finger over an edge or pulling a drawer to check the inside. Two different worlds were confronted, those who gaze, stargazed, and those who know.

The French decorative arts of the 18th century and furniture in particular raise thorny problems of authentication. This was ideally illustrated by the objects that had adorned the villa El Patio in Cannes.

Florence Gould was more committed to literature than to the visual arts—first editions dedicated to her by the many French writers to whom she played host, Marcel Jouhandeau, Marcel Arland, Roger Martin du Gard, and modern illustrated books started the round of sales. She probably bought her furniture as so many props to set the stage for her entertaining. She had a few outstanding pieces of antique silver, but seeing the furniture and objets d'art of the Louis XV and Louis XVI periods all laid out in the central room of the sporting palace created no unforgettable impression.

A number of pieces were jokes. A hilarious pendule à l'éléphant, the clock dial perched on a porcelain elephant, the elephant balanced on ornate rockery, and the clock adorned with a cherub and porcelain roses, was labeled "Louis XV period." Alas, the catalog noted that the elephant was a later addition, which did not leave much of the pendule à l'éléphant. The contrivance was eventually knocked down at 299,700 francs (about \$35,000), about 20 times its plausible price.

In other cases, hints that something might not be right were well-worn. A combined barometer and thermometer, also labeled "Louis

XV period" carried a devastating caveat to anyone familiar with saleroom jargon: "Extensive restoration. The dial by Carcano a later addition." Again there was not much left of a Louis XV period barometer-thermometer, as indicated by the 20,000 to 30,000-franc estimate. Had it been genuine, the piece would have been one of the rarest objects of art in the sale, carrying a 200,000 to 300,000-franc price tag. On Monday, it fetched 83,250 francs.

Occasionally, not even discreet hints regarding problems were dropped in the entries. If the expert believed that a petite banquette, or carved wood sofa on cabriole legs, labeled "Louis XV period," had been "shortened"—he mentioned this as a probability—not many professionals shared this view. Despite the excess of sinuous lines on the petite banquette, which gives the impression of dancing a jig, it was sold for 77,700 francs.

By far the most dangerous pieces were those that had a genuine core extensively tampered with. Some are still considered tolerable by even the most famous dealers. Two of them pointed out to me that a bureau plat, or writing table, of the Régence period (1715-25) could not have been born with its tulipwood parquetry and actually retained traces of the original black-wood veneer on the underside. One of them nevertheless bid for it—up to 185,000 francs—saying that it was easy to restore it to its original black veneer. It was eventually sold for 210,900 francs.

Another comparable case was offered by a small lady's desk—bureau des ébénistes—with the stamp of Jean-Pierre Latz. Its floral marquetry replaced an earlier facing, probably made from Eastern lacquer panels. It cost 277,500 francs. When it came to a "belle petite table," with the stamp R.V.L.C. standing for Roger Van der Cruse Lacroix, ("one leg damaged") the catalog entry soberly noted: The three drawers, a Paris dealer explained, were replacements, and the kingwood parquetry had been done up. The item nevertheless sold for a phenomenal 355,200 francs—to a private buyer.

Pieces of this ilk are, alas, not unusual. If anything was surprising about Florence Gould's furniture, it is not so much its presence in her house as the lack of star pieces to set the balance right. Sotheby's, aware of this deficiency, had wisely chosen not to dwell on its magnificence, stressing instead the Florence Gould motif. In keeping with their standard policy in Monte Carlo, they had pegged it to another collection described as belonging to Monsieur X, sold on

Sunday, a day before the first session of the Gould furniture sale.

Apparently, it included about as many duds. A pair of giltwood bergères labeled "Louis XV period" and sold for 999,000 francs, were dismissed as fakes by many connoisseurs—but they were made up for by a small number of superb pieces. Two admirable giltwood fauteuils on cabriole legs, upholstered in matching Gobelins petit point tapestry, sold for 310,800 francs, one-third of the dubious bergères. A pair of roycroset—chairs on low legs with high backs topped by an upholstered bar to rest one's arms on—made for Versailles were pre-empted by the French national museums' agency. The top price, 4,662,000 francs, was paid for a bureau plat attributed to Latz that is admirable in its architecture if disappointing in its floral marquetry. A piece by the same maker, superb in its marquetry and ornate fittings, is to be seen in the Paul Getty Museum, which reportedly acquired it seven years ago for 1.5 million francs from the Paris trade.

Right at the end, there came an object of stunning beauty, a bronze horse, 33 inches (86 centimeters) long. Considered by Sotheby's expert to have been made around 1680 in the workshop of Antoine Coysevox, it was the object of much inconclusive argument among cognoscenti, including the possibility that it might have once carried a rider. This is one of the great works seen at auction this year. It was not unreasonable, particularly in such a context, at 2,442,000 francs, the price paid by Elizabeth Keck, one of four major

U.S. buyers of French decorative art.

For the strange consequence of the uncertainty which surrounds much 18th-century decorative art is that there is no consistent hierarchy in the prices paid for it. On several occasions, the group of Paris dealers that calls itself "Antiquaires à Paris," bought for stock. There were inexpensive buys to be made. A true collector's rarity was a giltwood bergère of the Louis XVI period unusual in structure and beautifully carved. The Antiquaires bagged that for 94,300 francs.

Even the seemingly expensive pendule au rhinocéros, a musical clock bought by the Paris trade for 1.1 million francs, will probably be resold at a vastly higher price. It verges on the grotesque, but the rhino is well in tune with the ornate whimsy of the Pompadour era, has an excellent pedigree and is unobtainable nowadays.

All told, all was well in the best of worlds for the buyers that be. Sotheby's skilful salesmanship resulted in a triumphing success. Their millionaire clients witnessed huge prices being paid at auction that will later justify the equally huge prices charged to them by the trade. And the dealers nevertheless made some good buys.

If some people got stuck with objects that may raise questions in the future, that also has its uses. It is a reminder that one should never buy a label, whether it is that of a famous owner or of a stylistic designation. One should look at the object first—and learn how to do it before gambling when the stakes are so high.

Metropolitan Museum Opens Gallery

United Press International

NEW YORK — The Metropolitan Museum has just opened the Jack and Belle Linsky Gallery, housing an art collection estimated to be worth upward of \$60 million, one of the largest gifts ever received by the museum.

The Ukrainian-born Linsky couple collected the Old Master paintings, bronze sculptures, French

18th-century furnishings, European porcelains and jewelry over a period of 50 years. The collection is now housed in a series of silk-walled rooms with finely detailed woodwork.

"I'm very pleased because my collection is now where it belongs," commented Belle Linsky, now 79. "Great art belongs to the public." Her husband died in 1980.

AUCTION SALES

<p>Auction Sale of a unique VICTORIAN MERRY-GO-ROUND</p> <p>with original wooden animals and toy vehicles plus 12 other interesting lots including rare toys, transport items, or clock machines etc.</p> <p>Sunday, July 15th, starting at 3 p.m. @ MILLIS COTTE FARM, IFA, nr. MALMESBURY, WILTSHIRE. (M.A. New Tel. 17-54) (Catalogues on request. Info. Tel. 01-367 6029).</p>	<p>Sunday, July 15th, starting at 3 p.m. @ MILLIS COTTE FARM, IFA, nr. MALMESBURY, WILTSHIRE. (M.A. New Tel. 17-54) (Catalogues on request. Info. Tel. 01-367 6029).</p>
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17th-Century Text Of Grotius Found In Netherlands

The Associated Press

LEIDEN, Netherlands — A Leiden university researcher has discovered a previously unknown manuscript of the 17th-century Dutch scholar Hugo Grotius, a university spokesman confirmed.

The 40-page manuscript, entitled "Meletius" and written around 1610, contains a message of peace, the spokesman said Wednesday. The text, found in the library of an Amsterdam church, declares: "Instead of talking about things that separate us, we should concentrate on what binds us together."

Hugo Grotius, who lived from 1583-1645, is famous for his scholarly works on legal issues, including "De Jure Belli ac Pacis" (On the Law of War and Peace).

'Marie Chapdelaine': Return of the Noble Lass

By Thomas Quinn Curtis

PARIS — Few movies have been minus a love story of some sort. However, the approach to amour has shown a violent temperature rise since the cooling system of censorship has been almost turned off. A return to the old-fashioned way echoes in "Marie Chapdelaine," based on a novel that has

MOVIE MARQUEE

been a worldwide best-seller for more than 60 years. The book has been before the cameras more than once and now emerges in a new version by Gilles Carle with Carole Laure as the maid of the rural Canadian settlement who rejects the call to leave home and remains loyal to her community. Maria, like certain legends of Shakespeare, sacrifices herself to a noble ideal.

This simple tale of plain country folk in its inexorable marshalling of its incidents has been compared to Greek tragedy, and its classic austerity steels it from threatening sentimentality. Carle with his leisurely paced direction retells it faithfully and the venerable favorite casts its binding spell again.

The story behind it is sufficiently unusual to provide the material for another movie. Its author, Louis Hémon, was sports editor of a Parisian daily (Le Temps, now Le Monde). Afterwards he was posted as a correspondent in London and in an amusing oval, "M. Ripois" he wrote of a Frenchman's distaste for Anglo-Saxon ways and Yorkshire pudding. "M. Ripois" became a witty film some years ago with Gérard Philipe as its misplaced Gaul.

set off on foot to the west along the main line of the transcontinental railroad. Trudging along tracks in Ontario, he was killed by a locomotive.

"Gabriela," a Brazilian product, whisks us to a tagalog town near Bahia and confronts us with a "Blue Angel" situation. There, in 1925, a Neapolitan emigrant wife, Maria, has also graphically photographed. The result is rather arty porno, but Brass, though his scenario is trashy, manages his players, in their less-emotional moments, commendably and reveals a high-grade talent for atmosphere.

Alain Delon has indignantly denounced the recent Cannes festival for refusing to enter his new film, "Notre histoire," in its competition. While it is true that worse things were seen on that program, "Notre histoire" can scarcely be described as a festival film, though it is both tedious and peculiar.

Indeed, it is difficult to place it at all and the motives behind it are mysterious. It is not a great box office hit—as are most of Delon's films. Obviously it does not cater to popular taste, but that hardly qualifies it as art. Bertrand Blier who wrote and directed it must know what it is about, but he fails to communicate his meaning.

A bored man (Delon), fond of beer-drinking, is approached in his compartment by a young woman (Nathalie Baye) who proposes that they make love at once. They do so

and he follows her to her Alpine chalet and installs himself there, demanding more beer. Her friends and his friends—from Paris—beseech him to go home to his wife, but he stubbornly refuses, guzzles more beer and enters into a besotted orgy, apparently bent on self-destruction. There is much talk, but explanation of the characters and their bewildering behavior is withheld and one's curiosity soon wanes.

Heavy on the Hayseed

CAPSULE comments on films recently released in the United States.

In Bob Clark's "Rhinestone," Sylvester Stallone plays a New York cabbie called Nick. Jake, a thin-skinned country-western singer (Dolly Parton), makes a bet with her sleazy Manhattan nightclub boss (Ron Lieberman), wagering that she can turn the next man she sees into a country star. Once Nick comes into view, Jake and her charge head for her home town in Tennessee. Janet Maslin of The New York Times says: "The clash of cultures is funny at times," but "the screenplay is much too heavy on the hayseed jokes." An inevitable romance springs up between the two stars but, according to Sheila Benson of the Los Angeles Times "since the attraction between the two superstars is as phony as everything else on the screen, their eventual love scene is painful."

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AT&T	987,654	45.20	44.80	45.00
GE	876,543	32.10	31.90	32.00
Amgen	765,432	15.80	15.60	15.70
Merck	654,321	12.40	12.20	12.30
Boeing	543,210	8.90	8.70	8.80
Johnson & Johnson	432,109	6.50	6.40	6.45
McDonald's	321,098	4.20	4.10	4.15
Walmart	210,987	3.10	3.00	3.05
Target	109,876	2.50	2.40	2.45

Dow Jones Averages				
Index	High	Low	Close	Chg.
Indust.	1,234.56	1,230.00	1,232.00	+1.50
Transp.	1,234.56	1,230.00	1,232.00	+1.50
Utilities	1,234.56	1,230.00	1,232.00	+1.50
Commod.	1,234.56	1,230.00	1,232.00	+1.50

NYSE Index				
Index	High	Low	Close	Chg.
NYSE	1,234.56	1,230.00	1,232.00	+1.50
NYSE-100	1,234.56	1,230.00	1,232.00	+1.50
NYSE-200	1,234.56	1,230.00	1,232.00	+1.50
NYSE-300	1,234.56	1,230.00	1,232.00	+1.50

Friday's NYSE Closing				
Vol.	High	Low	Close	Chg.
NYSE	1,234.56	1,230.00	1,232.00	+1.50
NYSE-100	1,234.56	1,230.00	1,232.00	+1.50
NYSE-200	1,234.56	1,230.00	1,232.00	+1.50
NYSE-300	1,234.56	1,230.00	1,232.00	+1.50

AMEX Diaries				
Index	High	Low	Close	Chg.
AMEX	1,234.56	1,230.00	1,232.00	+1.50
AMEX-100	1,234.56	1,230.00	1,232.00	+1.50
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Prices Move Higher on NYSE

United Press International
NEW YORK — Prices on the New York Stock Exchange, wrapping up a disastrous first half of 1984, withstood a late siege of profit taking to register a small gain Friday amid signs that the U.S. economy is slowing down.
 Brokers said institutions did some buying among quality issues to make their portfolios look good for the third quarter but the overall market list did just about nothing.
 The Dow Jones industrial average, up 12 points at midsession after climbing 9 1/4 Thursday, held on to gain 5.85 to 1,232.00. The Dow managed to gain 1.33 for the week overall.
 But the average of 30 blue-chip stocks plunged 126.24 for the first half of 1984 in the worst setback since it skidded 128.32 points in 1973.
 Advances led declines 890-628 among the 1,935 issues traded.
 Volume totaled 90.8 million shares, up from 77.7 million traded Thursday.
 With this being the end of the quarter, the rally was a bit artificial, said George Pirone of Dreyfus Corp. "Institutions were marking up stocks and it was hard to tell what was happening. I don't think this market is ready yet to take off."
 Some traders were encouraged that the government's index of leading indicators eased 0.1 percent in May and sales of new single-family houses dropped 4.4 percent, because they indicated the economy was slowing down a bit.
 Commerce Secretary Malcolm Baldrige said the leading indicators pointed to a "less vigorous" economic growth pattern.
 Wall Street has been uneasy since the govern-

ment reported last week that the second-quarter gross national product was rising at a larger-than-expected 5.7-percent annual rate.
 The \$3.1-billion decrease in M-1, the narrowest measure of the U.S. money supply, was expected but analysts said next week's figures would show a large gain that would put pressure on the Federal Reserve to tighten credit.
 Bonds fell with dealers showing concern about the Treasury's sale next Tuesday of \$5.5 billion of seven-year notes and next Thursday of \$4 billion in 30-year bonds. Federal funds rates, which banks charge one another for overnight loans, jumped to 1 1/4 percent from 10 1/2 percent Thursday.
 Electronic Data Systems, which jumped 1 1/4 Thursday, was the most active NYSE-listed issue, up 1/4 to 4 1/4 with a block of 800,000 shares at 42. General Motors has agreed to buy EDS for \$44 a share or \$2.55 billion. GM added 1/4 to 65 1/4.
 AT&T was the second most active issue, up 1/4 to 45 1/4. Burroughs (ex-dividend) was fourth on the list, up 1/4 to 53 1/4. IBM added 1/4 to 105 1/4.
 Motorola, which introduced a powerful new microprocessor, advanced 1 1/4 to 33 1/4.
 Among the other high-tech issues, Teledyne rose 3/4 to 240 1/4, Honeywell 1/2 to 52 1/4. Integrated Resources 1 1/4 to 2 1/4. Diebold 1 1/4 to 8 1/4. Cullinet Software 1/2 to 38 1/4. Texas Instruments lost 1 to 128 1/4.
 Continental Group, which added 1/4 Thursday, third on the list, was up 1/4 to 51 1/4. Continental has arranged a \$2-billion line of credit, which led some to speculate the company would go private.

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Soviet Said to See Low Grain Harvest

MOSCOW — Soviet trading officials have said that Moscow is expecting the 1984 grain crop to be about 180 million metric tons, which would mean the sixth poor harvest in a row, diplomatic sources said Friday.
 They said the officials told a visiting delegation from Western Europe that Moscow was basing its import assessments on the 180 million figure and saw no chance of reaching last year's harvest of more than 190 million tons.
 The official government target for this year is 240 million tons. According to Western experts, the deficit, mainly due to a drought in north Caucasus, would probably lead to an increase in Soviet grain imports in the coming year.
 The U.S. Department of Agriculture has estimated this year's Soviet grain crop at 190 million tons.
 Earlier this week a Canadian wheat official, William Miner, said at a conference in Ottawa that there were already signs of increased Soviet buying interest in world grain markets.
 He said Moscow's import levels, currently around 30 million tons a year, could move closer to 40 million if domestic production fell much below 190 million tons.
 The diplomats said the Soviet officials, including representatives of the state grain purchase agency Exporthelex, made their comments during a meeting with West European officials and businessmen earlier this month for talks on Soviet grain transport arrangements through Rotterdam and other ports.
 The sources said the Soviet trade officials indicated that a long drought in the fertile north Caucasus region had been a major factor affecting the size of this year's crop.
 Soviet newspapers reported earlier this week that there had recently been heavy rains there and Western farm experts said a major disaster appeared to have been averted.
 But the diplomats said the rains appeared to have come too late to ensure a healthy, high-yield crop.
 Soviet grain production has fallen well short of official targets since a record crop of 235 million tons in 1978.

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(Continued on Page 8)

سكاي اف الامايل

ECONOMIC SCENE

New Wisdom Replaces Old
In Thinking on Economics

By LEONARD SILK
New York Times Service

In economics, the conventional wisdom — the set of principles that respected economists and policymakers believe at any given time — has undergone a radical change in the past decade.

Stephen Marris, a senior fellow of the Institute for International Economics in Washington and a former economic adviser at the Paris-based Organization for Economic Cooperation and Development, recently ticked off some of the changes.

In the earlier postwar years, the conventional wisdom held that a government's primary responsibility was to get the level of total demand right — high enough to ensure something close to full employment, but not so high as to cause inflation. The assumption was that if a government got the demand side right, supply would take care of itself.

But in recent years, this doctrine has been reversed, with the new conventional wisdom holding that if government gets the supply side right, demand will take care of itself. This change, Mr. Marris says, does not refer to the "extreme form of supply-side economics associated with the name of Arthur Laffer" but to the "neoclassical" economic principles pursued in West Germany after World War II.

To get the supply side right, the neoclassicists argue, raise the rate of return on investment by slowing the growth of real wages and lower the real rate of interest by reducing budget deficits. Neoclassicists would give the Reagan administration a high grade for slowing the growth of wages but a low grade for producing huge budget deficits that raise the real rate of interest.

A second change in the conventional wisdom relates to the relative importance of fiscal policy (manipulating the budget, taxes and deficits) versus monetary policy (regulating the growth of money and credit). The earlier wisdom held that fiscal policy was government's most powerful tool, and monetary policy should be subordinated to it.

Conventional doctrine now asserts the reverse. Today, the Thatcher government in Britain, under its Medium Term Financial Strategy, sets fiscal policy in terms of the need to achieve a given growth of the money supply. Its prime aim is to keep inflation down.

At the Reagan administration's use of fiscal and monetary weapons is more ambiguous. Monetarists and supply-siders carry on a running battle within the administration, with first one side and then the other prevailing.

Another shift in the conventional wisdom affects efforts to stimulate business investment. The old wisdom held that investment in capital goods depended on what economists called "the accelerator," the relationship between consumption and the capacity of industry to meet current or expected demands.

To increase business capital spending, government would have to increase aggregate demand. Rising consumer demand would be a more important influence on capital spending than changes in interest rates. Today, the new wisdom sees interest rates as the dominant force and warns that rising rates imperil investment.

The Reagan administration, determined to hold on to its big tax cuts and even rejecting any relationship between budget deficits and interest rates, seems closer to the old conventional wisdom in asserting that economic growth has set off an upsurge in business investment despite rising interest rates.

Until now, it appears that the old conventional wisdom, as conducted by the Reagan administration, has been working better than the new, as practiced by the Europeans.

But are the U.S. and European economies about to end? Economists on both sides of the Atlantic are urging the administration to close the budget gap as quickly as possible to bring down interest rates, and slow the growth of money and credit to head off inflation.

But can the new conventional wisdom prevail in the face of growing signs of unrest? Neither the old nor the new conventional wisdom appears adequate to the needs of the day.

Reagan's use of
monetary and fiscal
policy is more
ambiguous.

Chairman
Of Creusot
'Shocked'

He Thought Pact
On Rescue Was Set

By Axel Krause
International Herald Tribune

PARIS — Didier Pinesau-Valencien, chairman of Creusot-Loire, said Friday that he was "profoundly shocked" upon learning, five minutes before it was announced on television, that a Paris court was about to place the company in receivership.

"We had gone from concession to concession and I thought, optimistically, that we had an agreement with the government" on a rescue package to save the ailing company, Mr. Pinesau-Valencien said. He said he was informed of the court's decision at 7:55 P.M. Thursday.

He said that a television interview by Industry Minister Laurent Fabius about five minutes later was "a setup," and that Mr. Fabius had "hit below the belt." A spokeswoman for the minister said the interview resulted from "normal coverage" by television reporters.

The minister said during the interview that the behavior of the company management in recent talks aimed at restructuring the company was "completely scandalous."

Government negotiators, Mr. Pinesau-Valencien added, had thus rejected his latest proposals, because "their real objective was not to save Creusot-Loire," but to acquire control of other companies in the Empain-Schneider Group under conditions that he said were "incompatible with the legitimate interests of shareholders, large or small."

The statements by Mr. Pinesau-Valencien, who is chairman both of Creusot-Loire, France's largest privately owned engineering group, and Empain-Schneider, fueled what by Friday had become a national political controversy, as well as the largest industrial bankruptcy case in recent French history.

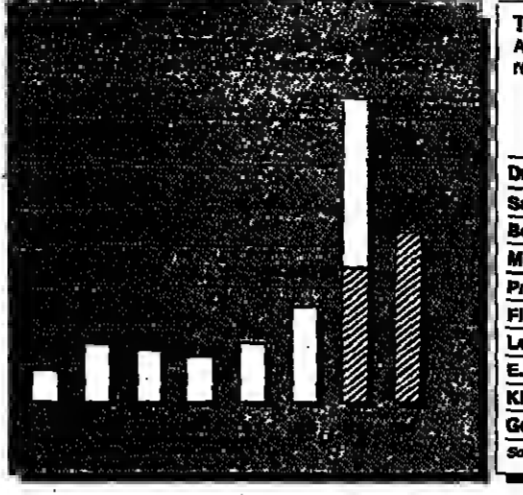
But senior diplomats and lawyers on Friday discounted fears expressed privately by some top French government officials that the controversy would damage the government's prestige abroad.

"No one outside France expects the Socialists to bail out every private company in trouble... The government is exaggerating its fears," said a U.S. corporate lawyer.

The court will allow the company to continue operating for three months under supervision of three court-appointed administrators.

It was not immediately clear how the company and the government could prevent laying off workers. The company employs about 30,270 people, and an additional

How 'Junk Bonds' Have Fared



The Leading Underwriters
Amounts underwritten and number of issues reflect total managed or co-managed

Underwriter	Amount (\$ millions)	Number of Issues
Drexel Burnham Lambert	\$4,690	50
Salomon Brothers	446	5
Bear Stearns	412	6
Merrill Lynch	322	4
Prudential-Bache	275	9
First Boston	260	2
Lehman Brothers	230	1
E. F. Hutton	190	2
Kidder Peabody	135	2
Goldman Sachs	125	1

Source: Drexel Burnham Lambert
The New York Times

Wall Street Firms Scrambling to Get
Into High-Risk 'Junk Bond' Business

By Fred R. Bleakley
New York Times Service

NEW YORK — Investment bankers are scrambling to get into a business they had traditionally shunned — the underwriting and trading of "junk bonds."

No fewer than half a dozen major firms, ranging from Dean Witter Reynolds and Donaldson, Lufkin & Jenrette to Paine Webber and Morgan Stanley, are gearing up separate departments to cash in on the widening interest in these low-rated, high-yielding debt securities. A host of other Wall Street houses that may be dabbling in them in the past are scouting for more salesmen, traders and analysts for this area.

The business is dominated by Drexel Burnham Lambert. Its prowess in expanding the market for these bonds has placed it in the upper tier of managers in the total debt and equity underwriting ranking. "Junk bonds" is a Wall Street nickname that originally described the debt securities of troubled companies. It now is applied to bonds of over companies as well. The bonds are rated at less than investment grade — Ba or lower by Moody's or B or lower by Standard & Poor's.

The trading of such bonds is fraught with risk as well as opportunity for firms getting into the business. These bonds may be structured as debt securities, but they act more like a hybrid of the equity market. While high-grade bonds tend to mirror interest rate action, low-rated bonds also rise and fall on the latest bits of company news, just as stocks do.

Mark R. Shenkman, an institutional money manager, predicted he would "be able to take advantage of

the new players to unload merchandise or to pick up true value." Only a handful of firms, he said, are savvy enough to set prices on the low-rated bonds that reflect their value accurately. Mr. Shenkman's organization, First Investors Consolidated Corp., manages \$1 billion of such bonds for its mutual funds and pension accounts.

Mr. Shenkman is not alone in sounding a warning. Richard E. Omohundro Jr., manager of the high-yield bond department at Merrill Lynch, declared: "There will be some spectacular disasters in the underwriting and trading of junk bonds where the buyers will be hurt. A lot of people are beating the bushes to do this business. But the new entrants are seriously down the experience curve." Merrill Lynch is among the leading underwriters of these bonds.

The market for so-called junk bonds is in its infancy and growing fast. Any notable flops could have wide ripple effects, it is feared. About 150 institutional investors own such bonds, including 25 mutual funds and 30 corporate pension funds.

High yields are the attraction. At present, most of these bonds carry yields of 16 or 17 percent, compared with 13.5 percent for long-term government securities.

The firms setting up new high-yield bond departments say they will be the cautious signs. M. William Benedetto, executive vice president and manager of corporate finance at Dean Witter Reynolds, said: "We are aware that this is a very tender market that could be hurt for years to come if a deal goes bust. We must place a greater emphasis on credit analysis skills in this

(Continued on Page 9, Col. 1)

Leading Index
In the U.S. Fell
By 0.1% in May

By Jane Seaberry
Washington Post Service

WASHINGTON — The government's index of leading economic indicators declined 0.1 percent last month, following a 0.5 percent increase in April, which if unreversed would be the first decline in nearly two years, the Commerce Department reported Friday.

Commerce Secretary Malcolm Baldrige said that the indicators reflected a slowdown in the economy during the second half of the year. However, he cautioned that data for two elements of the index are not yet available and that the latest figures "should receive less weight than the more comprehensive data for earlier months."

Data on inventories and business and consumer credit, which have been strong over the past several months, are not yet available, and could push the index higher, economists said.

"Over the past six months, gains in the leading index averaged 0.5 percent, compared with an average increase of 0.9 percent over the previous six months," Mr. Baldrige said. "Past experience indicates that this slowdown is signaling less vigorous economic growth during the second half of this year."

One of the declining indicators was building permits, which fell slightly in May, reflecting a drop in homebuilding activity which economists believe may have peaked during the first quarter.

While homebuilding declined, other important economic indicators advanced. Contracts and orders for business plant and equipment, valued in 1972 dollars, jumped sharply and new orders for factory consumer goods and materials in 1972 dollars also rose.

However, declining indicators were set business formation, stock

prices, building permits and vendor performance which measures companies which receive slower deliveries from vendors which reflects increased business activities and orders for goods.

The major contributor to the index's decline was a drop in the average workweek at factories.

In May, the factory workweek declined to a more normal 40.7 hours. "It probably won't drop again in June," Mr. Ortner said.

Regan May Urge
Veto if Bill Curbs
Bank Expansion

WASHINGTON — Treasury Secretary Donald T. Regan said that he would "probably" recommend that President Ronald Reagan veto a banking bill if it limited the ability of banks to expand into new financial services.

It was the first public comment by the Reagan administration on legislation passed earlier this week by both the House and Senate Banking Committees, and the clearest indication yet that the administration might veto the measure.

In a speech Thursday before a Securities and Exchange Commission conference here, Mr. Regan said that a bill sponsored by Sen. Jake Garn, a Republican of Utah, "basically is consistent" with the administration's deregulation efforts.

The Garn bill would give banks new powers to expand into other financial services, including underwriting mortgage-backed securities and municipal revenue bonds.

Mr. Regan said, however, that a House Banking Committee bill that would limit banks from moving into new services offers no constructive contribution to the problems that Congress must address this year, and ignores the interest of consumers almost entirely.

U.S. Congress Acts to End Bankruptcy Impasse

The Associated Press

WASHINGTON — Congress on Friday broke a two-year legislative deadlock, passing without a word of opposition a bill designed to give the United States a lasting and constitutional bankruptcy system.

The House voted 394-0 for the overhaul of bankruptcy courts and the Senate concurred by voice vote, sending the measure to President Ronald Reagan. His quick signature would avoid further disruption in the 600,000 cases before bankruptcy courts.

Sen. Howell Heflin, a Democrat of Alabama, said he's "not happy with all provisions" but added the legislation contains "many significant substantive reforms of existing law."

Once hopelessly stuck in a web spun by competing special interests, the bill sailed through the House in a compromise written by conferees from both chambers.

Congressional authority for bankruptcy court operations expired at midnight Wednesday, but cases are proceeding under emergency rules set by the governing board of the federal judiciary.

The conferees finished their work Thursday night on a successor system to one ruled unconstitutional by the Supreme Court in 1982.

In the two years since the decision, lobbyists for consumers, busi-

ness, labor, judges, farmers and other groups flocked to Capitol Hill, trying to persuade Congress to include provisions favorable to them.

Initially, there were struggles over consumer debt repayment and the powers of bankruptcy judges. Then last February, the Supreme Court touched off the bill's major debate by ruling that companies filing for bankruptcy could cancel labor agreements without awaiting a judge's ruling.

Compromise language on the labor issue wasn't settled until nearly 3 A.M. Thursday. Conferees agreed there would be no unilateral contract cancellations and established new ground rules for judicial rulings to change collective bargaining agreements.

The labor provision will not apply retroactively to Continental Airlines or other companies that previously ended their union contracts after filing for reorganization under bankruptcy laws.

The new bill limits the power of bankruptcy judges over non-bankruptcy issues and establishes 14-year terms of office — a section designed to meet Supreme Court objections.

The court said in its 1982 decision that it was unconstitutional for bankruptcy judges to handle non-bankruptcy matters without the constitutional protections given other federal judges. Other U.S. judges have life tenure and their salaries cannot be reduced.

In the consumer area, the measure limits the ability of individuals to avoid paying debts by declaring personal bankruptcy.

Another provision protects family farmers with grain in bankrupt elevators.

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Sale of British North Sea Oil Assets Called a Flop

Blocking of Takeover May Create Problems for Further Privatization

Reuters

LONDON — Britain's Conservative government is severely handicapped, financial circles are outraged and press and parliamentary opposition are speaking of "a disastrous flop" after the latest sale of state-owned North Sea oil assets to the public.

Enterprise Oil, which groups the North Sea holdings of British Gas Corp., was put on the market Wednesday.

The sale was expected to raise £400 million (\$540 million) and to attract the small investors whom Prime Minister Margaret Thatcher wants to have a personal stake in Britain's economic success.

But a depressed oil market, high interest rates and bad timing combined to undermine the offer. Only two-thirds of the shares were taken up, at the minimum tender price of 185 pence a share.

"A disastrous flop," said Stanley Orme, energy spokesman for the opposition Labor party, "and a sellout for the real shareholders, the British taxpayers."

The Conservative Party is ideologically committed to privatization and has sold off more than 20 companies in five years.

The government was furious to discover that three-quarters of the applications for Enterprise shares had come from a single company, the giant mining conglomerate, Rio Tinto-Zinc Corp.

The attempt to acquire virtual control at a bargain price over an asset with excellent prospects for long-term gain was exactly what the government had hoped to avoid.

After a cabinet meeting, Energy Secretary Peter Walker told Parlia-

ment on Thursday that the government would exercise its blocking power and allow RTZ to acquire only 10 percent of Enterprise.

But this move has raised an unprecedented storm in the City of London, the financial heart of the capital, whose support is vital to the Conservative government.

"The Enterprise fiasco has exposed the government's muddled thinking about its privatization program and in doing so has damaged the prospects for further and... more important flotations," said an editorial in the London Financial Times.

The entire Enterprise issue was guaranteed by City underwriters who are left holding \$389 million of unsold shares and feel badly let down by the government.

So does RTZ, to whose defense almost the entire financial community has rallied, accusing the government of changing the rules at the end of the game to thwart a provocative but perfectly legal coup.

"RTZ's only crime was to take

the risk of offering almost £200 million for stock in an untried company in a falling market during an oil glut," the Financial Times said.

Previous privatizations by the present administration have met with mixed success, but they have raised more than £3 billion.

Over the next three years the government wants to continue the process with sales of such well-known companies as British Airways, Jaguar cars and Rolls-Royce.

But its most ambitious sell-off will be of British Telecom, the country's telecommunications network, whose first half alone will flood world markets with \$5.5 billion of shares.

For that, said an underwriting source, the government will need the full cooperation of the City. But

it must first resolve the dilemma it has made for itself.

Potential investors will assume that the government, having used its blocking power over the Enterprise sale, would be ready to do so again.

The source said underwriters would probably demand a clear statement in future issues of any limits on holdings, for instance by foreign investors.

If the government does impose such restrictions, it would certainly reduce the attractiveness of future issues, he said, but if it does not, RTZ could complain that it had been unfairly singled out.

"For the present," said another underwriter, "there is no question that the atmosphere has been soured."

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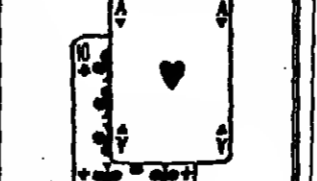
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Month	Ask	Bid	Sett.
Jan	330.15	329.75	329.75
Feb	329.75	329.35	329.35
Mar	329.35	328.95	328.95
Apr	328.95	328.55	328.55
May	328.55	328.15	328.15
Jun	328.15	327.75	327.75
Jul	327.75	327.35	327.35
Aug	327.35	326.95	326.95
Sep	326.95	326.55	326.55
Oct	326.55	326.15	326.15
Nov	326.15	325.75	325.75
Dec	325.75	325.35	325.35

Gold Options (prices in \$/oz.)

Month	Ask	Bid	Sett.
Jan	325.35	324.95	324.95
Feb	324.95	324.55	324.55
Mar	324.55	324.15	324.15
Apr	324.15	323.75	323.75
May	323.75	323.35	323.35
Jun	323.35	322.95	322.95
Jul	322.95	322.55	322.55
Aug	322.55	322.15	322.15
Sep	322.15	321.75	321.75
Oct	321.75	321.35	321.35
Nov	321.35	320.95	320.95
Dec	320.95	320.55	320.55

Valery Whitehead S.A.
1, Quai de la Madeleine, 75001 Paris, France
Tel. 31.62.51 - Telex 28.395

CURRENCY RATES

Official fixings for Amsterdam, Brussels, Milan, Paris, New York rates at 4:00 P.M. EDT.

	\$	£	D.M.	P.F.	Y.	S.F.	Y.	S.F.	Y.
Amsterdam	3.2275	4.364	12.445	36.77	3.332	3.332	3.332	3.332	3.332
Brussels	3.2275	4.364	12.445	36.77	3.332	3.332	3.332	3.332	3.332
Frankfurt	3.2275	4.364	12.445	36.77	3.332	3.332	3.332	3.332	3.332
London	1.2500	1.2500	1.2500	1.2500	1.2500	1.2500	1.2500	1.2500	1.2500
Milan	1.7750	2.4175	6.1525	20.57	2.4175	2.4175	2.4175	2.4175	2.4175
New York	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Paris	6.5450	11.662	30.635	84.96	6.5450	6.5450	6.5450	6.5450	6.5450
Stockholm	2.2745	29.818	85.40	27.82	13.86	75.79	41.85	102.31	—
Zurich	2.25	31.618	85.76	27.38	13.86	75.79	41.85	102.31	—
1 ECU	0.6079	0.9799	2.224	6.802	1.57426	2.2794	45.472	1.89	190.251
1 SCR	1.0111	0.7624	2.8719	8.0117	1.249	5.82	58.49	2.4029	244.912

INTEREST RATES

Eurocurrency Deposits June 29

	1m.	3m.	6m.	1y.	2y.	3y.	4y.	5y.
1m.	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4
3m.	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4
6m.	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4
1y.	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4

Asian Dollar Rates June 29

	1m.	3m.	6m.	1y.	2y.	
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1. The first step is to identify the problem or question that needs to be answered. This involves understanding the context and the specific requirements of the task.

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1. The first part of the document is a list of names and their corresponding page numbers. The names are listed in a single column on the left, and the page numbers are listed in a single column on the right. The names are: J. A. B. C. D. E. F. G. H. I. J. K. L. M. N. O. P. Q. R. S. T. U. V. W. X. Y. Z. The page numbers are: 1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100. 101. 102. 103. 104. 105. 106. 107. 108. 109. 110. 111. 112. 113. 114. 115. 116. 117. 118. 119. 120. 121. 122. 123. 124. 125. 126. 127. 128. 129. 130. 131. 132. 133. 134. 135. 136. 137. 138. 139. 140. 141. 142. 143. 144. 145. 146. 147. 148. 149. 150. 151. 152. 153. 154. 155. 156. 157. 158. 159. 160. 161. 162. 163. 164. 165. 166. 167. 168. 169. 170. 171. 172. 173. 174. 175. 176. 177. 178. 179. 180. 181. 182. 183. 184. 185. 186. 187. 188. 189. 190. 191. 192. 193. 194. 195. 196. 197. 198. 199. 200. 201. 202. 203. 204. 205. 206. 207. 208. 209. 210. 211. 212. 213. 214. 215. 216. 217. 218. 219. 220. 221. 222. 223. 224. 225. 226. 227. 228. 229. 230. 231. 232. 233. 234. 235. 236. 237. 238. 239. 240. 241. 242. 243. 244. 245. 246. 247. 248. 249. 250. 251. 252. 253. 254. 255. 256. 257. 258. 259. 260. 261. 262. 263. 264. 265. 266. 267. 268. 269. 270. 271. 272. 273. 274. 275. 276. 277. 278. 279. 280. 281. 282. 283. 284. 285. 286. 287. 288. 289. 290. 291. 292. 293. 294. 295. 296. 297. 298. 299. 300. 301. 302. 303. 304. 305. 306. 307. 308. 309. 310. 311. 312. 313. 314. 315. 316. 317. 318. 319. 320. 321. 322. 323. 324. 325. 326. 327. 328. 329. 330. 331. 332. 333. 334. 335. 336. 337. 338. 339. 340. 341. 342. 343. 344. 345. 346. 347. 348. 349. 350. 351. 352. 353. 354. 355. 356. 357. 358. 359. 360. 361. 362. 363. 364. 365. 366. 367. 368. 369. 370. 371. 372. 373. 374. 375. 376. 377. 378. 379. 380. 381. 382. 383. 384. 385. 386. 387. 388. 389. 390. 391. 392. 393. 394. 395. 396. 397. 398. 399. 400. 401. 402. 403. 404. 405. 406. 407. 408. 409. 410. 411. 412. 413. 414. 415. 416. 417. 418. 419. 420. 421. 422. 423. 424. 425. 426. 427. 428. 429. 430. 431. 432. 433. 434. 435. 436. 437. 438. 439. 440. 441. 442. 443. 444. 445. 446. 447. 448. 449. 450. 451. 452. 453. 454. 455. 456. 457. 458. 459. 460. 461. 462. 463. 464. 465. 466. 467. 468. 469. 470. 471. 472. 473. 474. 475. 476. 477. 478. 479. 480. 481. 482. 483. 484. 485. 486. 487. 488. 489. 490. 491. 492. 493. 494. 495. 496. 497. 498. 499. 500. 501. 502. 503. 504. 505. 506. 507. 508. 509. 510. 511. 512. 513. 514. 515. 516. 517. 518. 519. 520. 521. 522. 523. 524. 525. 526. 527. 528. 529. 530. 531. 532. 533. 534. 535. 536. 537. 538. 539. 540. 541. 542. 543. 544. 545. 546. 547. 548. 549. 550. 551. 552. 553. 554. 555. 556. 557. 558. 559. 560. 561. 562. 563. 564. 565. 566. 567. 568. 569. 570. 571. 572. 573. 574. 575. 576. 577. 578. 579. 580. 581. 582. 583. 584. 585. 586. 587. 588. 589. 590. 591. 592. 593. 594. 595. 596. 597. 598. 599. 600. 601. 602. 603. 604. 605. 606. 607. 608. 609. 610. 611. 612. 613. 614. 615. 616. 617. 618. 619. 620. 621. 622. 623. 624. 625. 626. 627. 628. 629. 630. 631. 632. 633. 634. 635. 636. 637. 638. 639. 640. 641. 642. 643. 644. 645. 646. 647. 648. 649. 650. 651. 652. 653. 654. 655. 656. 657. 658. 659. 660. 661. 662. 663. 664. 665. 666. 667. 668. 669. 670. 671. 672. 673. 674. 675. 676. 677. 678. 679. 680. 681. 682. 683. 684. 685. 686. 687. 688. 689. 690. 691. 692. 693. 694. 695. 696. 697. 698. 699. 700. 701. 702. 703. 704. 705. 706. 707. 708. 709. 710. 711. 712. 713. 714. 715. 716. 717. 718. 719. 720. 721. 722. 723. 724. 725. 726. 727. 728. 729. 730. 731. 732. 733. 734. 735. 736. 737. 738. 739. 740. 741. 742. 743. 744. 745. 746. 747. 748. 749. 750. 751. 752. 753. 754. 755. 756. 757. 758. 759. 760. 761. 762. 763. 764. 765. 766. 767. 768. 769. 770. 771. 772. 773. 774. 775. 776. 777. 778. 779. 780. 781. 782. 783. 784. 785. 786. 787. 788. 789. 790. 791. 792. 793. 794. 795. 796. 797. 798. 799. 800. 801. 802. 803. 804. 805. 806. 807. 808. 809. 810. 811. 812. 813. 814. 815. 816. 817. 818. 819

صكنا من الامل

Friday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street

(Continued from Page 10)

12 Month High	Low	Stock	Div. Yld. PE	52 Wk High	Low	Close	Chg
17 1/2	16 1/2	Parlin	1.40 3.1	12 1/2	11 1/2	11 1/2	+ 1/2
17 1/2	16 1/2	Pell	1.40 3.1	12 1/2	11 1/2	11 1/2	+ 1/2
17 1/2	16 1/2	Pell	1.40 3.1	12 1/2	11 1/2	11 1/2	+ 1/2
17 1/2	16 1/2	Pell	1.40 3.1	12 1/2	11 1/2	11 1/2	+ 1/2
17 1/2	16 1/2	Pell	1.40 3.1	12 1/2	11 1/2	11 1/2	+ 1/2

12 Month High	Low	Stock	Div. Yld. PE	52 Wk High	Low	Close	Chg
17 1/2	16 1/2	Parlin	1.40 3.1	12 1/2	11 1/2	11 1/2	+ 1/2
17 1/2	16 1/2	Pell	1.40 3.1	12 1/2	11 1/2	11 1/2	+ 1/2
17 1/2	16 1/2	Pell	1.40 3.1	12 1/2	11 1/2	11 1/2	+ 1/2
17 1/2	16 1/2	Pell	1.40 3.1	12 1/2	11 1/2	11 1/2	+ 1/2
17 1/2	16 1/2	Pell	1.40 3.1	12 1/2	11 1/2	11 1/2	+ 1/2

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17 1/2	16 1/2	Pell	1.40 3.1	12 1/2	11 1/2	11 1/2	+ 1/2
17 1/2	16 1/2	Pell	1.40 3.1	12 1/2	11 1/2	11 1/2	+ 1/2
17 1/2	16 1/2	Pell	1.40 3.1	12 1/2	11 1/2	11 1/2	+ 1/2

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17 1/2	16 1/2	Pell	1.40 3.1	12 1/2	11 1/2	11 1/2	+ 1/2
17 1/2	16 1/2	Pell	1.40 3.1	12 1/2	11 1/2	11 1/2	+ 1/2
17 1/2	16 1/2	Pell	1.40 3.1	12 1/2	11 1/2	11 1/2	+ 1/2
17 1/2	16 1/2	Pell	1.40 3.1	12 1/2	11 1/2	11 1/2	+ 1/2

12 Month High	Low	Stock	Div. Yld. PE	52 Wk High	Low	Close	Chg
17 1/2	16 1/2	Parlin	1.40 3.1	12 1/2	11 1/2	11 1/2	+ 1/2
17 1/2	16 1/2	Pell	1.40 3.1	12 1/2	11 1/2	11 1/2	+ 1/2
17 1/2	16 1/2	Pell	1.40 3.1	12 1/2	11 1/2	11 1/2	+ 1/2
17 1/2	16 1/2	Pell	1.40 3.1	12 1/2	11 1/2	11 1/2	+ 1/2
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17 1/2	16 1/2	Pell	1.40 3.1	12 1/2	11 1/2	11 1/2	+ 1/2
17 1/2	16 1/2	Pell	1.40 3.1	12 1/2	11 1/2	11 1/2	+ 1/2
17 1/2	16 1/2	Pell	1.40 3.1	12 1/2	11 1/2	11 1/2	+ 1/2

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AEGON Insurance Group

The AEGON Insurance Group was formed last year by the merger of AGO and Ennia. It is now the second largest insurance company in The Netherlands and one of the top ten in the European Community.

Combined gross receipts for 1983 amounted to Dfl. 8.5 billion; 49 per cent from our international operations. A major proportion of this came from our American group companies, Life Investors and National Old Line Insurance Company. AEGON also has subsidiaries in Belgium, The United Kingdom, Spain, The Netherlands Antilles and Surinam.

In addition to insurance the group is active in property development, investment, mortgages and leisure enterprises.



Bayer

A worldwide chemical company

Since the year 1863, when the three-man firm of Friedrich Bayer & Comp. was founded in Barmen (now part of Wuppertal), Bayer AG, Leverkusen, has grown into one of the largest worldwide chemical companies with 174,760 employees in Germany and abroad. Out of a modest dyestuffs business during the first few years have grown world sales of DM 37,336 million (1983) and income after taxes DM 754 million. Around 400 companies, of which 300 are headquartered abroad, and more than 100 production plants on five continents are a reflection of the dynamic development of Bayer. The heart of the company is Bayer AG with factories at Leverkusen, Dormagen, Udingen, Elberfeld and Brunsbüttel and controlling interests in other domestic and foreign enterprises.

Those desiring detailed information about the 1983 operations may ask Bayer AG, K-0A, D5090 Leverkusen, Bayerwerk.

CAP GEMINI SOGETI

Consolidated revenues totalling F.Fr. 1.4 billion in 1983, for an increase of 37% over the preceding year's figure, place CAP GEMINI SOGETI at the forefront of European software services companies, and among the five leaders in the world.

The Company last year realised more than 50% of turnover outside France: 25% in Europe, where the Group has activities in eight countries, apart from France, and 28% in the U.S.

Net profits for 1983 rose to F.Fr. 72 million, with a profit ratio at 5.1% of turnover. CAP GEMINI SOGETI, gathering 4,000 employees, devotes its Annual Report to "the D.P. Professional", which there are 3,400 in the Group — and shows the great effort of training and internal promotion made by the company towards its employees.

Compagnie Générale des Matières Nucléaires (COGEMA)

Established in 1976, the Compagnie Générale des Matières Nucléaires (COGEMA), is a private company created under French law, with a capital of 5 billion francs. It is a member of the French Atomic Energy Commission Group. Cogema is the unique industrial company in the world mastering the whole integrated nuclear fuel cycle and associated engineering services:

- Uranium exploration, mining, milling and conversion;
- Uranium enrichment;
- Fuel assemblies fabrication;
- Irradiated fuel reprocessing and transportation.

Cogema's sales have increased steadily and in 1983 came to more than 11 billion francs. Also in 1983, the firm's cash flow amounted to 1.8 billion francs and combined sales for Cogema and its subsidiaries came to 18 billion francs, 35% of which were attributable to exports.

HOECHST AG

Hoechst is one of the leading chemical companies in the world and operates in all important fields of the chemical industry. Particular importance attaches to chemical specialties. These include pharmaceuticals, inorganic and organic chemicals, crop protection agents, dyes, surfactants and auxiliaries, technical information systems, special plastics films and industrial fibres and materials.

Hoechst has production facilities in 68 countries and exports to more than 165 countries. Hoechst Group sales in 1983 rose by DM 2,203 million to DM 37,189 million. 74 percent of sales were achieved abroad. Profit before taxes increased by DM 883 million to DM 1,955 million. In 1983 Hoechst spent DM 1,617 million on research. Worldwide Hoechst has around 180,000 employees.

IKB

Industriekreditbank AG — Deutsche Industriebank (IKB) makes medium and long-term loans to businesses at fixed rates. Funds are provided for investments in plant and equipment, takeovers, conversion of short to long-term borrowing, and capital goods export. Its refinancing is entirely by bonds and other long-term borrowing.

Within the bank's DM13 billion balance sheet total loan periods have been progressively lengthening. IKB, directly or through subsidiaries, also operates in the Euramarket, hire-purchase credit, leasing and business consultancy. (Its 1983/84 Annual Report will be published in August.)

NIXDORF

The Nixdorf product range is designed for virtually every application in data and information processing. From micro-computers, the spectrum extends upwards to mainframes, and is sensibly augmented by word processors and communications systems like digital PABX's and digital telephones. Special system solutions are available for specific industries, such as retailing, the restaurant business and banking. The Group sustained its healthy growth during 1983, raising revenue to DM 2,712 billion. 49 per cent of revenue came from activities in Germany, 51 per cent from the international markets. 54 per cent of revenue was generated by sales of computer systems and peripherals, and 46 per cent by income from rentals and services.

The company is established in 39 countries around the world. In line with business growth, 1,500 new jobs were created last year, raising the number of Nixdorf personnel to more than 17,500.

RHONE-POULENC

Rhône-Poulenc is a prominent group in the forefront of the chemical industry in Europe and throughout the world. The Group employs 81,000 persons in some sixty countries; exports and foreign-produced goods account for over two-thirds of total sales (F.Fr. 43 billion in 1983) on international markets. Backed up by a strong basic chemicals production, its portfolio of activities is principally oriented towards the sectors of the future: human and animal health, agrochemicals, fine specialty chemicals, bio-industries.

Its research effort (over 5% of total sales) is particularly significant in important biological sectors: pharmaceuticals, phytopharmaceuticals, industrial biology and genetic engineering.

Schlumberger

Services to the oil industry

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Semiconductors

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Computer Aided Design and Manufacturing

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SKANSKA

Skanska is one of Europe's leading civil engineering and building contractors, and a full-service corporation offering a complete range of resources for projects of all types and sizes. Within the Skanska Group there are a number of divisions and subsidiaries specializing in every phase of construction: design, engineering component fabrication, erection, management, administration and finance. On the international market Skanska specializes in large, technically complex and advanced projects, often on a design-construct or turnkey basis. Gross billings for the Skanska Group in 1983 amounted to SEK 12,159 million (about U.S. \$1,600 million). The number of employees is about 27,500.



Solel Boneh International (SBI) is a member of the Solel Boneh Group, Israel's largest engineering and construction complex. SBI's 30,000 employees carry out worldwide projects—from standard construction contracts to turnkey projects: tens of thousands of housing units, industrial parks, hotels, over 100 roads and bridges, and 45 major water works.

In 1983 SBI carried out, on current projects, work valued at \$500 million.

SBI's five divisions—Building, Public Works, Water Works, Comprehensive Design and Civil Engineering and Surveying—participate in joint ventures with local and international partners in 4 continents focusing on North and South America.

Trusthouse Forte PLC

Trusthouse Forte is one of the largest hotel and catering groups in the world. Its international operations include the Hyde Park and Grosvenor House and Brown's Hotels in London, the George V and Plaza Athénée in Paris, the Westbury in New York, The Plaza of the Americas, Dallas, the Ritz, Madrid, the Hotel des Bergues, Geneva, and the Sandy Lane Hotel, Barbados. A new luxury hotel is due to open later this year in New York.

The Group's trading receipts in 1983 were \$1,508 million, producing a profit before tax of \$122 million. The company's philosophy is to increase profitability and earnings per share each year to encourage investment and to improve and expand the business and to give complete customer satisfaction by efficient and courteous service, with value for money.

UNIFONDS

Unifonds is West Germany's largest stock fund. Its Portfolio concentrates on shares of leading German corporations, achieving steady performance over the year. Unifonds, an attractive investment for international investors seeking long-term growth and currency diversification, is managed by Union-Investment-Gesellschaft, Frankfurt, which is owned by 37 shareholder banks in Germany and abroad. Union-Investment has at its command as one of the oldest German mutual fund investment companies the necessary know-how to manage capital investment with success. This success may be gauged from its excellent performance — especially in the medium and long-term — which has always placed Union-Investment at the top end of the German investment league.

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